

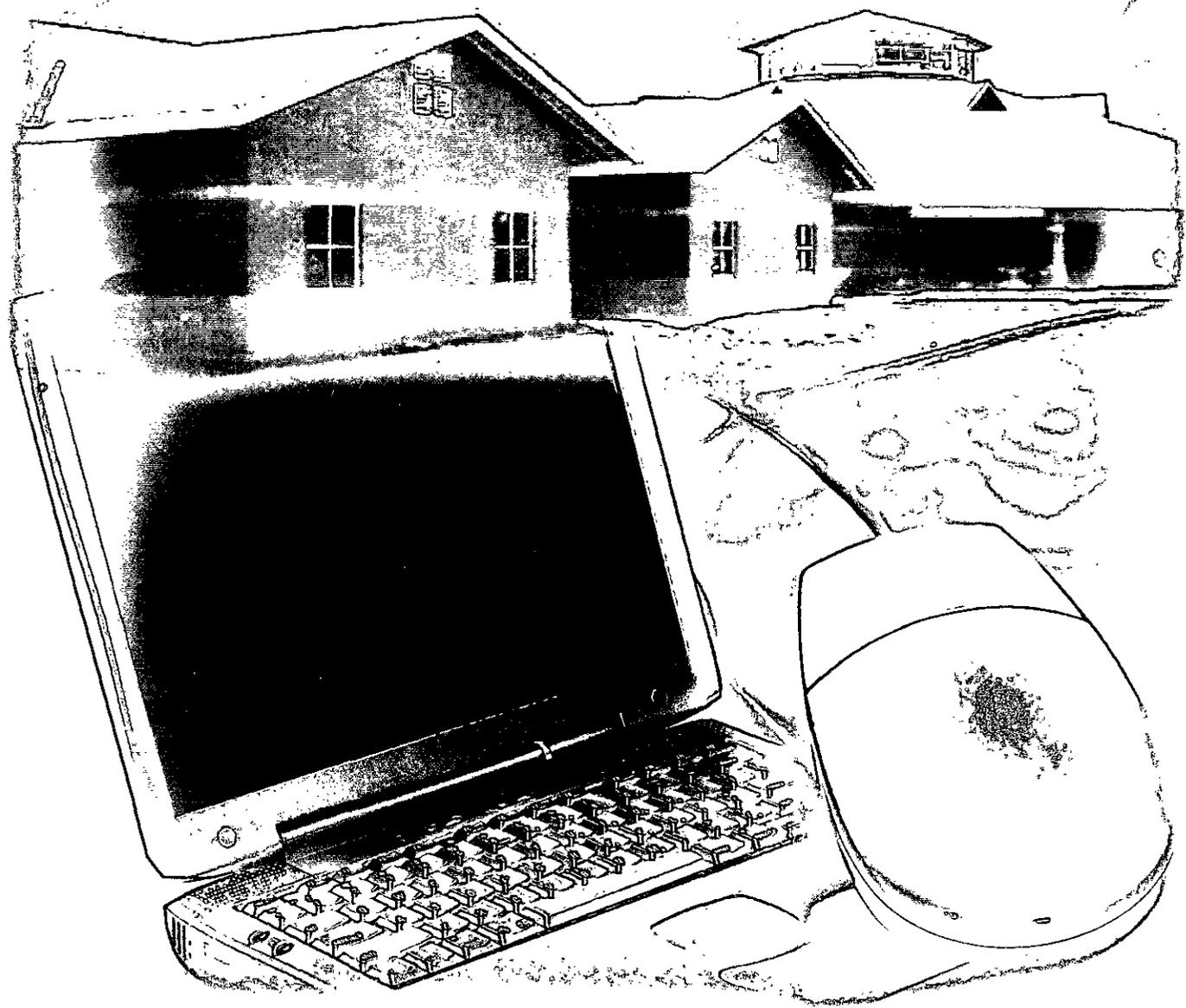
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Comprehensive Annual Financial Report

For the year ended June 30, 2004



East Baton Rouge Parish School System

Baton Rouge, Louisiana



Comprehensive Annual Financial Report

**Of the
East Baton Rouge Parish School System
Baton Rouge, Louisiana**

For the Year Ended June 30, 2004

**Prepared by the
Finance and Budget Management Staff**

**Charlotte D. Placide, MPA, RSBA, CLSBA, CGFO
Deputy Superintendent for Operations and Budget Management**

**James P. Crochet, CPA
Director of Finance**

Introductory
Section

Comprehensive Annual Financial Report

**EAST BATON ROUGE PARISH SCHOOL SYSTEM
BATON ROUGE, LOUISIANA**

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Fiscal Year Ended June 30, 2004

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East Baton Rouge Parish School System

Board Members

Roger Moser, President

Patricia Haynes-Smith, Vice President

William P. "Bill" Black

Dalton "Jay" Devall

Noel Hammatt

Janet Pace

Ingrid Kelley

Jill Dyason

Warren Pratt

Darryl Robertson

Tarvald Anthony Smith

Alfred Williams

Dr. Clayton M. Wilcox - Superintendent



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East Baton Rouge Parish School System Administrative Officers

Superintendent of Schools

Dr. Clayton M. Wilcox

General Counsel

Domoine D. Rutledge

Special Assistant to the Superintendent

Angela Lee

Director of Equal Educational Opportunities

Sharon Lair

Associate Superintendent of Human Resources

Elizabeth Duran-Swinford

Chief Technology Officer

Jesse Noble

Public Information Officer

John P. Connelly

Deputy Superintendent for Instructional Services

James Machen

Assistant Superintendent for Instructional Services

Area I, Elementary Schools

Margaret Mary Sulentic

Assistant Superintendent for Instructional Services

Area II, Middle Schools

Herman Brister

Assistant Superintendent for Instructional Services

Area III, High Schools

David Corona

Assistant Superintendent for Accountability and Research

Jennifer Baird

Administrative Director of Federal Programs

Richard Capps

Director for Child Welfare and Attendance

Sherry Cannon

Director of Magnet School Programs

Carlos Sam

Director of Special Education

Lee Dixon

Deputy Superintendent for Operations and Budget Management

Charlotte D. Placide

Assistant Superintendent for Auxiliary Services

Gail Johnson

Administrative Director of Facilities

Robert Cooper

Administrative Director for Transportation

William Talmadge

Director of Finance

James P. Crochet

Director of Procurement and Warehousing Services

Gary Reese

Graphic Arts Supervisor

Bobbie Devall

Internal Auditor

Kelly Lopez

Comprehensive Annual Financial Report



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November 18, 2004

President and Members
East Baton Rouge Parish School Board

Residents of East Baton Rouge Parish:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the East Baton Rouge Parish School System (School System), for the fiscal year ended June 30, 2004. This report provides full disclosure of the financial operations of the School System for the fiscal year ended June 30, 2004. This CAFR, which has been audited by Postlethwaite & Netterville, APAC, a firm of licensed certified public accountants, conforms to Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School Board and management of the School Board. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the School System. All disclosures necessary to enable the reader to gain an understanding of the School System's financial activities have been included.

The Reporting Model

The School Board and management adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year ended June 30, 2001*. This reporting model is designed to make the annual financial report easier for the public to understand and improve operational accountability with the introduction of district-wide financial statements compared to the previous reporting model which was based on fund and fund types. GASB No. 34 creates new basic financial statements for reporting on the School System's financial activities as follows:

Government-wide financial statements consist of a statement of net assets and a statement of activities. These statements are prepared on an accrual basis of accounting for all activities of the district, which is similar to the basis of accounting and financial reporting followed by the private sector. The government-wide statements distinguish between the governmental and business-type activities of the School System.

Fund financial statements present information for individual major governmental and enterprise funds rather than by fund type. Non-major funds are presented in total in one column.

Notes to the financial statements provide additional information that is essential to a user's understanding of the basic financial statements. Notes contain information that is not a part of the financial statements; however, notes are an integral part of the statements.

Required Supplementary Information (RSI) consists of statements that present comparisons of actual information to the legally adopted budget. Management's Discussion and Analysis (MD&A) is also a part of the RSI and is intended to provide an objective, easy to understand narrative overview and analysis of the basic financial statements. It explains the financial position and results of operations of the School System for the past fiscal year.

Copies of this CAFR will be made available to the Chamber of Commerce, major taxpayers, the public library, and other interested parties.

CAFR Sections

The CAFR is presented in three sections: the Introductory Section, the Financial Section and the Statistical Section. The Introductory Section includes the table of contents, recognition of East Baton Rouge Parish School Board (School Board) members, a list of administrative officials, the transmittal letter, reproductions of the prior year's certificates of excellence in financial reporting, and the School System's organizational charts. The Financial Section includes the MD&A, the Basic Financial Statements including notes to the financial statements, required supplemental information, the combining and individual fund financial statements that provide detailed information to the Basic Financial Statements, and the Independent Auditors' Report on the basic financial statements. The Statistical Section includes selected comparative financial, non-financial, demographic and economic information of the School System.

The School Board is also required to undergo an annual single audit in conformity with the provisions of Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of federal financial assistance, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations is included in a separate single audit report and is available at the School Board office for inspection.

Reporting Entity

This report includes all funds and account groups of the School System. The School System is a political subdivision of the State of Louisiana created under the Constitution of Louisiana. It has the power to sue and be sued and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education (BESE). It is the responsibility of the School Board to make public education available to the residents of East Baton Rouge Parish.

The elected Board is chosen from twelve single-member districts with each member serving a concurrent four-year term. The School Board is authorized to formulate policy, to establish public schools as it deems necessary, to provide adequate school facilities for the children of East Baton Rouge Parish, to determine the number of teachers to be employed and to determine a local supplement to their salaries. Additionally, the School Board selects the Superintendent of Schools to serve as the School System's chief executive officer.

The public is invited to attend regular meetings of the School Board which are held the third Thursday of each month at 5:00 p.m. in the Board Room of the School System's Central Office, 1050 South Foster Drive. Meetings are televised live on Cox Cable Channel 21 and replayed at various times during the following week.

The School Board operates the third largest school system in the state. The School System provides a full range of public education services at all grade levels ranging from pre-kindergarten through grade twelve to approximately 44,997 students. Total enrollment includes students participating in pre-kindergarten programs, regular and enriched academic education, alternative education, special education for the handicapped to age twenty-two, vocational education and three Charter Schools (two elementary and one middle). In addition, the School System serves approximately 5,800 adult education students annually and employs approximately 6,000 persons. Services provided to students include instructional staff, instructional materials, instructional facilities, administrative support, business services, food services, system operations, facility maintenance, and bus transportation.

The mission of the East Baton Rouge Parish School Board, owned jointly with the community, is to provide quality education which will equip all students to function at their highest potential in a complex and changing society, thereby enabling them to lead full, productive and rewarding lives.

The vision of the East Baton Rouge Parish School Board is a high-achieving performance-based system advancing scholarship and the lifelong development of students consistent with their needs, interests and abilities, while strengthening the economic, social and cultural life of a diverse community and operating at the highest levels of ethical and professional behavior.

ECONOMIC CONDITION AND OUTLOOK

The School System is located in Baton Rouge, Louisiana, in the southeastern section of the State, along the *Mississippi River*. *In addition to being the second largest city in the State, Baton Rouge is also the capital of Louisiana and the principal home of two major state universities: Southern University (SU) and Louisiana State University (LSU).*

The Baton Rouge Community College (BRCC), a two-year institution of higher education, opened in the Fall of 1998 and is one of America's fastest-growing campuses. When classes began at BRCC in 1998, the enrollment was just under 1,900 students. Currently, there are approximately 5,700 students with a conservative estimated projected enrollment of 9,000 students upon the completion of the BRCC's building program in 2006. The community college system builds a system of higher education that is more affordable for young people and provides opportunities for training and certification in a number of skills. BRCC is jointly under the control, supervision, and management of the Board of Supervisors of Southern University and Louisiana State University.

Baton Rouge is the home of one of the largest oil refining and petrochemical centers in the nation and is the hub of the industrial region that stretches eighty miles to New Orleans. Located 230 river miles (434 kilometers) above the mouth of the Mississippi River, with a 45-foot channel, Baton Rouge is the furthest inland deepwater port on the Gulf of Mexico via the Mississippi River. The expanding Port of Greater Baton Rouge ranks tenth among the major ports of the nation. The Greater Baton Rouge area is designated as a U.S. Customs Port of Entry and with a position of 230 river miles from the Gulf. The Port of Greater Baton Rouge is a strategic gateway for the handling of international and domestic commerce.

Baton Rouge is the home for several high-technology research facilities such as Louisiana State University's C. B. Pennington Biomedical Research Center and its Center for Advanced Microstructure and Devices. Opened in 1988, the Pennington Center now houses 14 research laboratories, 17 core service laboratories, inpatient and outpatient clinics, a research kitchen, an administrative area, and more than \$20 million in technologically advanced equipment. More than 70 faculty members and over 425 physicians, scientists, and support personnel focus their research efforts on four key areas: functional foods, obesity, nutrition and chronic diseases, and health and performance enhancement. Facilities such as these will continue to boost the local economy.

With the coming of the new century, the Baton Rouge community recognizes that it must position itself to capitalize upon the growing tourism and convention industry. In order to do this effectively and to allow Baton Rouge the opportunity to compete as a second-tier convention city, a \$30 million Capital Improvement Program is underway to expand and renovate the Centroplex convention facility. The expansion and renovation will add 70,000 square feet of exhibition space and 15,000 square feet of meeting space. The expansion project is scheduled to be completed by December of 2004. The Centroplex facility expansion will support the numerous private and public development projects in the adjacent areas and Louisiana's capital city will be poised to attract conventions of a size that it presently cannot accommodate.

The Shaw Center for the Arts represents a \$55 million construction project that is underway with a scheduled opening in March 2005. This new six-story facility will house the LSU Museum of Art, a mid-sized performing arts theater, "black box" performance space, rehearsal and administrative space, Community School for the Arts, gift shop, restaurant and more.

Groundbreaking is currently scheduled for January 2005 for new construction of the River Place Condominiums. This new facility will house 99 unit river-front condominiums. This high rise will include retail space and provide loft living.

In November 2003, East Baton Rouge Parish taxpayers renewed a 3.13 mill parish-wide property tax for operation and maintenance costs and expenses of providing emergency medical services within the Parish of East Baton Rouge for the years 2005 through 2014. The department of Emergency Medical Services (EMS) has established a number of programs that reduce costs and effectively use resources to provide faster responses, better treatment techniques, and quality trained paramedics. EMS continuously provides high quality education and preventive programs which are key to protecting the public. Taxpayers strongly endorsed the operations of the department of EMS by approving the tax with over 72 percent of the vote.

Retail sales tax collections in the parish had been suppressed during the last four years. In a recent article, a local economist encouraged officials not to expect much sales tax growth in the immediate future, specifically noting vehicle sales down 9.9% from first quarter 2003. Some of the slow down is attributed to aggressive vehicle sales promotions having slowed when compared to a year ago. Increased fuel costs may further affect purchasing and manufacturing. In addition, the slowdown and job reductions in the petrochemical industry are beginning to impact the local economy. Sales tax collections continue to reflect conservative projections at 1% growth.

Actual sales tax collections through June 2004 were finalized and received from the City Parish in August 2004. Actual collections improved slightly for the fiscal year ended June 30, 2004. Actual collections parish wide indicate an increase over prior year's collections of approximately 1.01% compared to 2.8% for the prior year, and the highest increase in any period since 2000. The exit of the Baker and Zachary school systems from the School System has contributed to the reduction in the district's collections by approximately 4.29% for fiscal year 2003-2004. Comparable sales tax collections represent a major component or 31% of general operating revenue for the district. The local economy reflected a slight gain in 2003 in non-farm employment when compared to a year ago. The unemployment rate for the Baton Rouge area for June 2004 was 7.2% compared to 7.5% for June 2003.

As part of the City-Parish revenue estimating process, several local economists at Louisiana State University, were asked to comment on their prediction of sales and use tax revenue growth in East Baton Rouge Parish for 2004. The economists indicated the following: *"The Baton Rouge economy is undergoing a pause in its long-term growth environment. During the 1990s, the Baton Rouge economy was the fastest growing metropolitan region in the state, a 36.5 percent growth in employment compared to a statewide growth rate of 17.2 percent. Sales tax collections grew by more than 5 percent a year from 1993 through 1999. Sales tax collections have grown by about 1.75 percent a year from the year 2000 through mid 2003."* Based on modest employment projections and the history of the sales tax collections, they projected a sales tax projection increase of 1.5 to 2.5 percent in 2004.

Several years ago, the Louisiana Legislature approved a revision to the State Minimum Foundation Program (MFP) for elementary and secondary education that has and will continue to greatly impact the School System. This MFP formula establishes a standard of local support for each school system based on the State average local support relative to the system's capacity to raise local funds. The formula provides that no school system will receive less State funds than the MFP formula provided to them in 1991-1992 unless there is a decline in student enrollment.

Student enrollment has continued to decline for the last several years, resulting in a decrease of approximately 14,567 students since 1994. This decline in student enrollment has resulted in State funding to the School System being reduced by millions of dollars. However, until 2002, this formula provided no additional revenues to the School System even in a year of student enrollment growth. A "hold-harmless" clause was in the formula to provide assurance that the School System would not lose an estimated \$30 million. The Legislature had designated limited increases in State funding in recent years to approximately eleven districts with a "hold harmless" clause. The increases to those districts were designated for the purpose of increasing teacher compensation in conjunction with a move by the Legislature and the Governor to improve teacher compensation statewide.

The "hold harmless" designation was modified by the Legislature for the 2001-2002 fiscal year and replaced with a designation of "over funded". The "hold harmless" distinction in Level 1 (local wealth) and Level 2 (local effort) of the MFP formula was replaced by an "over funded" designation in Level 3 of the formula. As a result, the School System has a not to exceed amount of approximately \$30.2 million or \$567 per student, with equal participation in Levels 1 and 2.

The General Fund Budget has sustained substantial cuts to programs and extensive employee reductions as a result of declining student enrollment and state funding, and flat sales tax collections in recent years. Expenditures must continue to be closely monitored as expenditure reductions will be necessary in the upcoming fiscal year.

The voters approved a five year "pay as you go" Tax Plan to improve facilities/technology, discipline, and compensation in the school district on November 3, 1998. This plan was funded by the proceeds from a one-cent sales tax levied over a five-year period for a total of approximately \$287.1 million. Food, medicine and drugs, utilities, gasoline, newspapers, and prescribed medical supplies would be exempt from this tax. The voters approved the plan, comprised of three components with each requiring a separate vote, with all three propositions receiving approximately 60% of voter support of the tax. On May 2, 2003, voters approved the continuation of the Tax Plan for an additional five years.

- Proposition 1 (0.51-cent sales tax effective July 1, 1999) provides funding for school repairs and renovations, new classroom construction, and four new schools (one elementary, one middle and two high). Also, included in this proposition are improvements to technology to install computers in all schools and in all classrooms, with a system-wide network that allows Internet access and hands-on computer experiences for all students.
- Proposition 2 (0.08-cent sales tax, effective July 1, 1999) provides funding to establish elementary, middle, and high school discipline centers and or classrooms. A second alternative school for over-age students in grades five through eight and an expanded and enhanced truancy program will also be funded by this proposition.
- Proposition 3 (0.41-cent sales tax effective April 1, 1999) provides funding to improve compensation for all employees effective July 1, 1999 with an average teacher raise of approximately \$3,700. This compensation increase allows the School System to be more competitive in recruiting and retaining the most qualified teachers throughout the area.

Implementation of all programs, renovations, construction, and increased compensation became effective July 1, 1999 with the exception of the additional classrooms and staff, which received federal court approval under the prior Consent Decree with collections effective July 1, 2000. An Oversight Committee was also established by the School Board as required in the Tax Plan to review management's semi-annual reports and provide any reports or comments it deems necessary regarding this plan.

MAJOR INITIATIVES

Current Year - During the year, the School System continued its efforts to improve student performance and community support through various programs.

Tax Plan Progress

With the November 1998 approval of the one-cent sales tax approved by the voters, several major projects continue with year five (2003-2004 fiscal year) of the Tax Plan as follows:

- Repairs and renovations continued in 2003-2004, including fire code violations, roofs, heating and air conditioning systems, plumbing and electrical upgrades, and handicapped accessible restrooms. The summer construction program was a success with a majority of renovation projects being completed prior to students' return to the classroom. Roofing, classroom additions, HVAC repairs and replacements, and various renovation projects will continue throughout the school year.
- Twenty-two of twenty-five classroom addition projects have been completed providing over 110,000 square feet of additional new facility space to twenty-two existing campuses. New classroom additions at Baton Rouge Center for Visual and Performing Arts, Belfair, Bernard Terrace, Buchanan, Brookstown, Brownfields, Claiborne, Delmont, Glen Oaks Park, Greenville, Highland, Howell Park, LaBelle Aire, Lanier, Melrose, North Highlands, Northwestern, Tanglewood, University Terrace, Wedgewood, Wildwood, and Zachary Elementary Schools are complete. The teachers and students are presently utilizing the spaces. Nicholson Elementary School was discontinued as an EBRPSS educational facility at the close of the 2003-2004 school year. Plans to continue to operate Dufrocq and South Boulevard Elementary Schools as educational facilities are still under review. The School Board, at its April 2004 meeting, eliminated the construction of classroom additions (Quads) at South Boulevard, Dufrocq, and Nicholson Elementary Schools and allocated the budgeted funds toward future Tax Plan continuation improvements in the downtown/midtown area served by these facilities.
- Technology wiring projects are complete throughout the School System and all facilities are currently utilizing improved information technology systems. Projects are progressing on schedule with cumulative expenditures through June 30, 2004 representing \$13.1 million of the revised budget.

- Construction on the new Northeast Elementary School was completed with occupancy in August 2002. Demolition and abatement of the old Northeast Elementary School is complete.
- Construction on the new Woodlawn High School was completed with occupancy in August 2003. Abatement and demolition of the old Woodlawn High School is complete.
- Construction of the new Northeast Middle/High School was completed with occupancy in August 2003. Abatement/demolition of the old Northeast High School is complete.
- Construction of the new Capitol Middle School will be completed with occupancy for the school opening in August 2004.

In addition to the projects listed above, the Board approved the distribution of a one-time supplement of \$900 to be issued to all eligible full-time certificated and support staff. The supplement was issued on December 18, 2003 and the distribution totaled approximately \$5.6 million.

New School Openings

In June 2003 the new Woodlawn and Northeast High Schools were completed, including the construction of new Athletic Complexes at each school. The Grand Opening/Ribbon Cutting Ceremony was held on May 1, 2003 at Woodlawn High School and on August 6, 2003 at Northeast High School. Members of the community, parents, staff, and students were present for the ceremonies. In August 2003 students began the school year in their new facilities. Northeast Elementary opened May 23, 2002 and was the first new school to be built in this district in over 25 years. The above schools are three of the four new schools approved by the voters to be built from the proceeds of the one-cent sales tax. The fourth school, Capitol Middle School, is scheduled to open in August 2004.

Tax Plan Continuation

In May 2003, the community continued to support the School System by voting to continue the five year one-cent sales tax. The continuation was again in the form of three propositions, mirroring the form it took in 1998 with collections to begin April 1, 2004 and continue through 2010. Proposition 1 calls for the construction of seven new schools (4 new, 3 rebuilt), major renovations at another four (3 High Schools, 1 Middle) and much needed repairs at another forty (7 High Schools, 9 Middle Schools, 24 Elementary Schools). Both the new and renovated schools will provide appropriate educational spaces that are more conducive to teaching and learning, special program and laboratory spaces, improve safety and security, and increase technology implementation and accessibility.

Propositions 2 and 3 will fund the continuation of discipline programs and employee compensation at current levels. A community Oversight Committee continues to ensure the money approved by the voters is spent appropriately.

Stupski Foundation

The School System has partnered with the Stupski Foundation in an effort to improve the overall performance of the school system. In October 2003, the School System received an invitation from the Stupski Foundation in Mill Valley, California to attend a work session in a joint partnership which would provide expert and financial resources to the School System. Based in Mill Valley, CA, the Stupski Foundation has worked with other high poverty, urban school systems similar to East Baton Rouge Parish. Believing EBR has a leadership team and a school board committed to doing what it takes to improve the School System, Stupski has begun lending its expertise and support in the form of not only dollars, but also human capacity. With the Stupski teams' guidance, the School System has begun assessing students more frequently so future instruction focuses on students' weaknesses proactively.

Established in 1996 as a non-profit operating foundation, the Stupski Foundation believes that its most effective contribution to education reform is through support at the district level, providing expert resources and financial investment in district partnerships. Resource teams include former superintendents, educational leaders, and consultants who have led successful district reform initiatives, as well as organization development, data analysis, and systems experts.

The core belief of the Stupski Foundation is that all children can learn and achieve high academic standards, regardless of race or income. Success depends on creating an equitable, system-wide, results-oriented culture that embraces change, driven at the public school district level. Selected partner districts must demonstrate evidence of readiness and capacity to improve performance, including the leadership of the superintendent and School Board with an impassioned will to do this work. The Stupski Foundation acts as a trusted advisor, coach and investor to help create a culture for systems change through a courageous and honest collaboration and a shared commitment to reform.

Innovative Program Brings Community Leaders into Classrooms

Teach Baton Rouge, the district's alternative certification program, is in its fourth year of operation. The program aims to attract high-quality professionals to a career of teaching. Selection for the program is highly competitive. In the first year, only one out of ten applicants was selected. This year less than 15% of the applicants were accepted. All participants are "highly qualified" using current *No Child Left Behind* (NCLB) definitions before they enter the classroom as teachers. The program has been responsible for bringing almost 100 new teachers into the classroom – of the current eighty-seven Teach Baton Rouge members, seventeen began the program in 2001, twenty-three in 2002, thirty-one in 2003, and sixteen will begin in 2004. Program members teach in critical shortage areas such as special education, math, science, and middle school. All program members participate in a certification program that leads to full certification within eighteen months.

Teach Baton Rouge helps to build a more diverse teaching force – its percentage of males, African-Americans, and persons with math/science backgrounds is much higher than in the general teaching faculty. Teach Baton Rouge members enjoy success in the classroom. Several Teach Baton Rouge teachers have been selected as "Teacher of the Year" for their school, and have been given leadership roles within their individual school sites. In addition, several Teach Baton Rouge teachers were selected as Academic Distinction Fund (ADF) fellows. Teach Baton Rouge teachers work in our hardest to staff schools. Here they are paired with their colleagues from Teach for America, the national teacher corps that has placed over 340 teachers in East Baton Rouge Parish schools since 1990.

12 EBR Schools Receive \$174,349 in Awards

As part of the State's Academic Accountability Program, twelve schools received monetary rewards. Schools that received growth labels of "Recognized Academic Growth" (met or exceeded its growth target by less than 5 points) or "Exemplary Academic Growth" (exceeded its growth target by more than 5 points) were awarded \$174,398. These awards ranged from \$2,643 to \$38,778 and can be used at the discretion of the school for any allowable expenditure other than salaries, bonuses, or construction.

Test Scores and Awards

This year the system saw an increase on the Iowa Tests scores at grades 6 and 9, and there was a decline at grades 3, 5, and 7. The district reported improvements on the LEAP 21 in eighth grade English and mathematics, and the scores increased on three of four subject tests on the Graduation Exit Exam. The American College Test (ACT) average score for the district increased from 19.2 to 19.7 and the score for African American students increased from 17.3 to 17.6. This subgroup continues to outperform the state and nation subgroups. The School System had 23 National Merit Semifinalists and 8 National Achievement Semifinalists.

Educational Programs/Awards

Educational choice through magnet programs has resulted in approximately 21 magnet, gifted and talented programs being developed and implemented throughout the district. Magnet programs create exciting learning experiences and promote student achievement. They attract students based on their learning needs, skills and special interests. Enhanced instructional and magnet programs such as Montessori, Visual and Performing Arts, Architectural Design, Medicine, Extended Day, Pre-Kindergarten, Medical/Health, Engineering, Computer Science and Technology, Communication, Math/Science, Foreign Language, and Environmental Science are just a few of the instructional programs being offered at various levels throughout the School System.

The Junior Reserve Officer Training Corp (JROTC) is currently offered in eight high schools. The main goal of the program is to develop leaders and responsible citizens through a combination of academic and physical activities. JROTC is designed to teach citizenship and leadership, while instilling self-esteem, teamwork, and self-discipline in high school students. The focus of JROTC is reflected in its mission statement, "To Motivate Young People to be Better Citizens". JROTC promotes and encourages service to the community, promotes high school completion, and provides incentives to live drug free. The driving philosophy and vision behind this program is to produce successful students and productive adults. Since participation in this program makes cadets fully aware of the opportunities and benefits derived from their American heritage, the JROTC program makes substantial contributions to the community and ultimately the nation's future. Uniforms and textbooks are furnished at no expense to the students, and there is no obligation to enter military service.

The School System's enrollment in Career and Technical Education (formerly vocational education) includes approximately 10,000 high school students and 3,500 middle school students. A variety of innovative programs prepare students for productive citizenship and life-long learning, and are designed to assist all students in making a successful transition from school to the workplace, or postsecondary education. Some funding for career and technical programs is obtained through the Carl Perkins III Applied Technology Act of 1998. The Basic Grant and Tech Prep initiatives resulted in funding of approximately \$918,000 for fiscal year 2003-2004. The goals of this department are accomplished by providing students with assistance in career development activities, development of five year career plans, purposeful course selection that develops both academic and technical skills, development of employability skills, and providing opportunities for post secondary education and/or immediate entry into the workforce.

The School System continues to expand opportunities of pre-school programs. Pre-K students are provided transportation to a number of sites for six hours of instruction daily along with before and after school care. Our quality pre-school environments provide small pupil-teacher ratios, certified teachers and a curriculum based on the National Association for the Education of Young Children standards of developmentally appropriate practices.

A range of services is offered based on the mentally and/or physically disabled child. Special Education students can be placed in the following: the regular classroom with extra support available, the resource classroom, or the self-contained classroom. Several Alternative Schools and programs are also offered to help meet the needs of the non-traditional learner such as the following: The Academy for Diverse Learners, Staring Education Center for over-aged middle school students, Mohican Preparatory Academy for over-aged middle school students, Northdale Academy for high school drop out prevention, Valley Park Alternative Center and Juvenile Continuing Education Program for middle and high school students expelled from the traditional school, and Adult Education centers across the parish.

Two exciting literacy initiatives were implemented in schools during the 2003-2004 school year. The Elementary Programs staff and the Federal Program's Title I staff further refined a comprehensive, district-wide literacy model that addressed vertical articulation of literacy skills, grades Pre-K – 12. This model serves as the basis for staff development initiatives in literacy and especially at the primary grades and complemented on-going district staff development.

Working in tandem with district Reading Recovery teachers, a 17-week course, entitled Literacy 101, was again implemented during the fall and spring semesters. The course, funded by the Louisiana K-3 Literacy/Math Initiative, focused on quality, research-based staff development in early literacy and was designed to improve student achievement in literacy learning (112 participants).

As a second tier to focused, literacy staff development, Elementary Program staff implemented an on-line course offered through Scholastic Red's *Putting Reading First in Your Classroom, Grades K-2* in all PaSS elementary schools. All 13 schools participated. At some sites, physical education, guidance and library staff also participated. In this endeavor, elementary staff again this year worked closely with Federal Program's Title I staff, many of whom donated hours beyond their work schedule to ensure implementation either as technical supporters or course facilitators (320 participants.)

Quality Math instruction was also a focus at the elementary level. Using Literacy 101 as a train-the-teacher model of professional development, a similar math course was offered. Using the district's existing math specialists, housed within the department of academic accountability, a 10-week course was offered primarily to all K-3 teachers. A national math consultant, recipient of an Early Career Grant from the NSF, Dr. Julie Cwikla, conducted sessions for seven consecutive months with math specialists, addressing both content and pedagogy.

Working with Scholastic, Inc., the elementary department spearheaded an initiative to address middle and high school students who function anywhere from 1 to 4 years behind their peers in reading. Selected middle and high schools implemented Read 180, a brain research-based program, developed by Scholastic staff and consultants. A theme-based curriculum was developed for all 1,600 Pre-K children. It was piloted this summer using the initial theme, *Healthy Bodies*.

Ms. Nancy McKay, Principal of Crestworth Middle School, was recognized and honored as one of three people named Louisiana Principal of the Year for the 2003-2004 school year. Ms. McKay was recognized as Louisiana's Middle School Principal of the Year for her valuable contribution to the education of students in East Baton Rouge Parish.

The School System's Baton Rouge Magnet High School has been awarded the *National 2003 No Child Left Behind Blue Ribbon* award. Baton Rouge Magnet High School was one of only two public high schools, and five total schools in Louisiana, and one of 248 nationally recognized as Blue Ribbon schools. This was the second time Baton Rouge Magnet High has been recognized with this honor.

High Schools in the School System are providing our young people with curriculum opportunities: 1) to pursue college degrees at the nation's finest colleges and universities; 2) to pursue college degrees after attending community colleges; 3) to pursue associate degrees at Technical colleges; 4) to pursue employment; and 5) to pursue opportunities in different branches of the United States Military. During the 2003-2004 school year, many School System high school students earned credit toward college degrees while earning Carnegie Units toward a high school diploma at the same time. The School System works with other educational institutions in an effort to provide our students with a seamless array of services.

Volunteers in Public Schools (VIPS)

Volunteers in Public Schools (VIPS) donated a reported 131,337 hours of service representing a monetary investment of \$2,257,678. The Independent Sector in Washington D.C. places the value of the average volunteer hour at \$17.19. This figure equates to 89 teachers (at a base salary of \$25,325) or 229 teacher's aides (at a base salary of \$9,835). Although this dollar amount is impressive, it does not measure each volunteer's impact on student and school success.

VIPS has served the School System for over 20 years. During the 2003-2004, VIPS recognized that the future is brighter for children who master reading. VIPS is working to recruit additional Reading Friends, those adults who consistently work with a child to improve a child's reading skills. The EveryBody Reads program continues to grow and is changing the lives of many second and third grade students and their adult volunteer Reading Friends. VIPS also looks to increase involvement at the middle school level by establishing Math Mentors and Youth Pacts. The Partners in Education (PIE) component of VIPS concentrates on increasing the number of school/community partnerships, with a special focus on faith-based involvement. PIE strives to create avenues to assist schools in finding appropriate partners who meet their needs and sustain effective relationships. The PIE program is gaining strength from the renewed interest in public schools following the settlement of the decades-old desegregation suit.

Child Nutrition Program

The goal of the School System's Child Nutrition Program is to serve healthy, nutritious, appetizing and affordable meals to students. The administration believes that good nutrition is a key to learning and that every child has the right to a healthy nutritious breakfast and lunch at the lowest possible price. The department provides an extensive selection of nutritious meals at all schools. The Food Service Department provides 67,000 meals daily, including breakfast, lunch and snacks. Through a USDA Breakfast Grant, the Child Nutrition Program is able to offer a free breakfast to all students. Lunches are \$1.30 (elementary) or \$1.50 (middle or high). Free or reduced-price meals are available to qualified students.

School meals in East Baton Rouge Parish are planned in the central Child Nutrition Program office by a committee comprised of nine supervisory staff, each having specific training in the field of Dietetics/Nutrition. Menus are planned including the health food preferences most preferred by the students in the parish in an effort to encourage students to eat nutritious meals. The U.S. Department of Agriculture, the Louisiana State Department of Education, Division of Nutrition Assistance and the School System and administration provide guidelines for the Child Nutrition Program.

Dr. Nadine Mann, RD, LDN, Director of Operations for School System's Child Nutrition Program, was chosen to receive the Association of School Business Officials (ASBO) International's 2004 Pinnacle of Achievement Award for her project, *Scanned Free Lunch Application Revolutionized Procedures for Federal/State Audits by Enabling the Off-site Review of Images*. Dr. Mann utilized electronic imaging technology to radically reduce the hours required for auditing the United States Department of Agriculture's National School Lunch Program (NSLP) meal benefit applications. Congratulations to Dr. Nadine Mann for employing technology to enable better resource allocation. Instead of expending 540 district labor hours for manual form sorting, only eight (8) hours were required once a computer had organized and retrieved the scanned application images.

ASBO International is a professional association with over 6,000 members, which provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of education resources.

Transportation Department

During the 2003-2004 school year, the School System transported 41,598 students a total of 4.8 million miles. With a total of 600 buses, the Transportation Department travels about 26,600 miles daily. Free service is provided to all students living more than one mile from school. A committee with representation from the community, administration, private and parochial schools, and city transit was formed to study options available to reduce the cost of transportation. Several focus group meetings were held in the community to listen to concerns and take suggestions on various cost saving options.

Charter School Demonstration Programs

During the 1995 Louisiana Legislative Session, the Legislature passed Senate Bill 1305 (Act 192 of 1995) which established a Charter School Demonstration (pilot) program and gives parents, teachers, and citizens an opportunity to create independent public schools. The School Board received BESE approval to be one of the eight demonstration districts and began operation of three charter schools in the fall of 1997. The School Board approved two elementary and one middle charter school. The three charter schools began operation in the fall of 1997, each with approximately 54 students. Enrollment has more than doubled in each school since they opened. Student enrollment increases have been approved by the School Board allowing for enrollment (with funding) in grades K-5 at the elementary schools of up to 120 students and 130 students for the middle school. The School Board recently approved an annual increase of 20 students for one of the elementary schools. The total General Fund appropriation to the charter schools for the 2003-2004 fiscal year was \$2.4 million.

Facilities Management Partnership Contract

Approximately five years ago, following extensive investigation and research, the School System developed a partnership arrangement with ServiceMaster to provide management services for some aspects of physical plant services, facilities, maintenance, and grounds. Subsequently, ServiceMaster was acquired by ARAMARK. The contract was amended slightly and the system continued basically the same partnership with ARAMARK. On March 1, 2004, the School Board negotiated a five-year, with a five-year renewal option, partnership arrangement with ARAMARK to provide total Facilities Management Services in the following areas: maintenance, custodial, grounds, materials management/warehousing, and workforce management.

The contract will make a number of staffing, procedural, and work flow changes, changes to delivery systems and systems for procurement aimed at improving service to the School System, while capitalizing on efficiencies gained through the application of their world-wide services and experience. The School System will gain reduced operational costs, predictable labor costs, rapid staffing adjustments, and renewed focus on core business functions. Conservatively, the system will reduce annual operating costs by \$5.0 million dollars when tracked against current expenditures. The School System will gain a significant, one-time, flow of cash through the sale of vehicles, tools, and equipment. Additionally, the district received a check for \$5.0 million dollars from ARAMARK to assist in deferring the cost associated with the transition.

School System Desegregation Case Ends

On August 14, 2003, U.S. District Judge James Brady signed an order ending the 47-year old East Baton Rouge Parish School Desegregation Case, one of the longest running school desegregation cases in the nation. Judge Brady approved the final settlement agreement which was signed by all parties in the case. Those parties were the School Board, the Baton Rouge branch of the National Association for the Advancement of Colored People (NAACP), the original plaintiffs (37 original plaintiffs – children from 14 local families) and the U.S. Justice Department.

The settlement ends the case, but it requires the School System to continue many desegregation tools for four years. The settlement allows more students to attend neighborhood schools, creates more magnet programs, and allows more students to transfer to the schools of their choosing. According to the settlement, schools will still have enrollment limits, but the enrollment caps are higher at a few schools. Temporary buildings will still be used, but most must be taken out of service. Predominantly black schools will continue to receive extra teachers and money and will operate pre-kindergarten, extended-day, and extended-year programs. Judge Brady said now that the case is over, Baton Rouge residents should focus on making the School System one that the community can be proud of.

Separation of City of Baker and Zachary Community School Systems

Effective with the 2003-2004 school year, the School System began the year much smaller than it has in decades. The cities of Baker and Zachary began the school year as their own school districts, running nine (9) schools with about 5,380 students that were previously a part of the School System. The separation of Baker and Zachary required years of effort and litigation, and resulted in a need for expenditure reductions in the School System as a result of the adverse financial impact of approximately \$10.7 million associated with the separation. Enrollment of approximately 51,000 students for the 2002-2003 school year reduced to about 45,000 students for the 2003-2004 school year. The parish payroll was reduced from about 7,115 employees to about 6,000 employees.

Expenditure Reductions

Substantial expenditure reductions were required for the 2003-2004 fiscal year. These expenditure reductions were necessary due to suppressed sales tax collections for several years, reduced state funding due to a continued decline in student enrollment, a substantial increase in the General Liability Insurance premiums, and a continued increase in costs to provide health care coverage for a growing member group that includes eligible retired employees.

As previously mentioned, the most notable of the need for expenditure reductions was the adverse financial impact of approximately \$10.7 million associated with the City of Baker and Zachary Community school systems' separation from this district as approved by the voters and Federal Court for the Fall of 2003. While the departure of these systems allowed the School System to realize some reductions of expenditures, some spending remained constant and those costs cannot be reduced, despite the anticipated loss of students and reduction in staff.

The School System's expert consultant verified and reported, "The School System will incur a loss of revenue under the projections furnished by the Louisiana State Department of Education (SDE) and under any of the separation scenarios. This loss of revenue is not offset by a reduction of expenditures due to the loss of students. The net loss to the School System is significant under any of the projections and under any of the separation scenarios."

Approximately \$13.0 million in expenditure reductions were projected for 2003-2004 and \$11.4 million in 2004-2005 to establish a fund balance to cover excess expenditures over revenues and to support anticipated costs associated with the separation of the Baker and Zachary school systems, rising health care costs and declining student enrollment. As mentioned earlier, State funding is tied to student enrollment and the continued decline in student enrollment results in a subsequent reduction in State funding. Approximately 80% of the total General Fund Budget is dedicated to salaries and related benefits and is structured as such to provide the necessary services to the children of the School System. Subsequently, as the enrollment continues to decline, a reduction in the number of positions will also be necessary.

Broad Foundation

In July 2003, four school board members were among thirty newly appointed board members from ten urban school districts across the nation who came together to attend The Broad Institute in Colorado Springs, Colorado. The Broad Foundation's mission is to dramatically improve K-12 urban public education through better governance, management and labor relations. The Broad Institute for School Boards is a national school board training program for newly elected and appointed urban school board members. The Institute aims to train new board members in effective governance by creating a six-day residential program to learn from the nation's most progressive and stimulating urban school practitioners, policymakers and researchers.

Milken Family Foundation

The Milken Family Foundation created the Teacher Advancement Program (TAP), which is a comprehensive, research-based school reform model that is intended to attract, retain, and motivate high quality teachers to America's schools. TAP is currently being implemented at Cedarcrest-Southmoor Elementary and Crestworth Middle School, two of the five schools in Louisiana being used as demonstration sites for the TAP program. The program provides teachers with technical support, training, certification, program reviews, and evaluation services. Master and mentor teachers at each site lead teachers through extensive job-embedded professional development and work study groups. Teachers in TAP schools receive a salary supplement if student academic performance meets the goals set by the school.

In January 2004, Governor Kathleen Blanco and State Education Superintendent Cecil Picard visited Cedarcrest-Southmoor Elementary School. Superintendent Picard, who worked with the Milken Family Foundation in establishing TAP in Louisiana, updated Governor Blanco on the success of the program at Cedarcrest-Southmoor Elementary.

In February 2004, Dr. Eugene Hickok, U.S. Undersecretary of Education and principal advisor to U.S. Secretary of Education, visited Crestworth Middle School speaking to a gathering of faculty, students, school administrators, and community partners, as well as system administrators. Louisiana Middle School Principal of the Year, Nancy McKay, shared with Dr. Hickok, many different aspects of the educational experience at Crestworth Middle including TAP.

EBR/LSU Partnership Schools

Through the LSU Partnership Program, Highland Elementary and McKinley Middle Magnet are special "professional development" schools for LSU students enrolled in the university's Teacher Education Program. School System teachers serve as mentors for LSU teacher candidates during a variety of pre-student teaching field experiences as well as during student teaching. At least one LSU faculty member works on a full-time basis at each of the two schools. This individual designs a credit-or CLU-bearing program specifically for each school's faculty who have committed to ongoing professional development. An EBR teacher, selected by the school principal, facilitates the partnership and coordinates assistance from various units on the LSU campus. Each school maintains a partnership advisory board composed of teachers, administrators, and LSU personnel.

The McKinley Middle Magnet partnership with LSU is beginning its third year while the Highland partnership is entering its fourth year. At McKinley, teacher interns from the Holmes Program in the Department of Curriculum & Instruction are placed with mentor teachers in selected classrooms. These future teachers assist in classrooms by preparing, planning, and teaching lessons of their own, working individually and in small groups with students, and facilitating higher order thinking projects. In addition, undergraduate courses for education majors are offered on McKinley Middle's campus as well as one graduate level course for McKinley Middle teachers.

The Highland Elementary partnership especially involves the school teachers serving as models for undergraduate students who take nine credits (Methods of Teaching Reading [6 credits] and Methods of Teaching Social Studies [3 credits]) on the Highland campus. LSU teacher candidates taking these courses also assist classroom teachers by tutoring students and helping design thematic work stations. This past year, the LSU faculty member offered a special professional development course designed specifically to increase the writing skills of Highland students. On the writing segment of the 2004 4th grade LEAP, all but one of the 33 students scored above the 75th percentile and 25 scored above the 75th percentile in proof reading.

Partnership activities in both schools have also continued for our students and teachers on the LSU campus as well. In the spring of 2004, seven teachers from the partnership schools were awarded \$2,500 by A T & T for their stellar work with the partnerships. The program has provided numerous enriching experiences to LSU teacher candidates and has enhanced the participating schools, their students and their teachers.

For the Future

New School Opening

Construction on the new Capitol Middle School approved by the voters to be built from the proceeds of the one-cent sales tax continues with the project on schedule for completion in May of 2004, and ready for students in August 2004.

School Closures

Demographic studies were conducted as part of the research to propose recommendations for a continuation of the 1998 Tax Plan and to bring forth a recommendation regarding the most efficient use of facilities district-wide. This study generated a list of 13 schools scheduled for closure or reuse over the next seven years. *Low student enrollment* leading to operational inefficiencies resulted in the School Board's approval to close three elementary and two middle schools due to low enrollment and physical condition. Appropriate reuse, lease options, sale or demolition of these facilities will be necessary to avoid deterioration of these facilities. The projected approximate savings associated with closing an elementary school is \$250,000, closing a middle school is \$300,000 and closing a high school is \$750,000.

Bill & Melinda Gates Foundation - Thurgood Marshall

The Bill and Melinda Gates Foundation is championing a small high school movement globally. The Foundation has engaged the Thurgood Marshall Scholarship Fund (TMSF) as an intermediary to solicit collaborative and partnered proposals from *Historically Black Colleges and Universities (HBCUs)* and local school districts to radically reform district high schools. Southern University Baton Rouge is partnering and collaborating with the School System in the development of a proposal for up to \$1 million to convert Capitol Senior High School into two small high schools: a 9th and 10th grade pre-college academy, and an 11th and 12th grade middle college high school. Following the 2003-2004 planning year, the conversion was initiated with the first cohort of 9th grade students being admitted in the 2004-2005 academic year. During the planning year the Gates/Marshall program provided project development funds totaling \$125,000: \$75,000 for Capitol High and \$50,000 for Southern University. All expenses under this grant will serve the school and its students.

LSU/East Baton Rouge Parish Math and Science Partnership Grant

In an effort to improve the content knowledge and pedagogy in the area of mathematics, the School System will co-sponsor a LSU/East Baton Rouge Parish Math and Science Partnership Grant for the 2004-2005 school year. The total amount of the grant is \$449,872 for the next three years.

Alignment of Resources to Grade Level Expectations

In anticipation of the release of the State of Louisiana's Comprehensive Curriculum in April of 2005, committees of teachers have been formed to determine what instructional resources we have in our school district and how these resources align with the grade level expectations (GLEs). The GLEs are the foundation of the Comprehensive Curriculum. Currently, the committees are working by content area and by grade level, but will eventually come together to look at the alignment of resources across grade levels and across content areas.

The Wallace Foundation

The Wallace Foundation is focusing on initiatives which support state initiatives demonstrating the willingness and capacity to reform leadership practices to improve student achievement. A component of the Foundation's state-district leadership initiative is the State Action for Leadership Project (SAELP), whose goal is to ensure that state policies affecting leadership are coordinated with and supportive of local efforts to improve student learning. This year, the Wallace Foundation has included Louisiana as one of the participating states. This program awards grants that will support partnerships between institutions of higher education and collaborative districts to recruit, retain and induct leaders at our schools. The School System has partnered with Southern University in developing a Principal Academy, an Aspiring Principal Academy, and a Leadership Academy. The grant will award \$230,000 in support of this initiative, for the development of educational leaders who will effectively lead for improved student learning in a standards-based and accountability-driven environment.

Internal Control

Management of the School System is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the costs of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. The School System utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. We believe that the School System's internal controls adequately safeguard assets and provide reasonable, proper recording of financial transactions.

Single Audit

As a recipient of federal and state financial assistance, the School System is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the School System.

As a part of the School System's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, and to determine that the School System has complied with applicable laws and regulations. The results of the School System's Single Audit, for the fiscal year ended June 30, 2004, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls

The School System maintains budgetary controls. The objective of this system is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School System's governing body. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. The School System also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts in the General Fund are reported as reservations of fund balance and generally are re-appropriated as part of the next year's budget.

Capital Projects Funds

Capital Projects Funds are provided by 51% of a one-cent sales tax in Proposition 1 for facilities and technology as approved by the voters in November 1998 as mentioned previously. The effective collection date for this proposition was July 1, 1999. Total sales tax revenues in Proposition 1 for the year ended June 30, 2004 amounted to \$29.4 million. The collection of this tax is for a five-year period and is for the purpose of funding repairs and renovations, enhancing technology, and constructing new schools and classrooms. On May 2, 2003, the voters approved the continuation of the Tax Plan for an additional five years.

Debt Administration

The School Board approved an Authorizing Resolution to participate in the Qualified Zone Academy Bond Program (QZAB) on November 1, 2001 and borrowed a total of \$2,250,000 for a term not to exceed fifteen (15) years at 0% interest. This program is a result of the Taxpayer Relief Act of 1997, which allows school districts to borrow at no interest cost up to their maximum award for a term not to exceed fifteen years. This financial tool can be used by State Education Agencies to encourage the formation of partnerships between public schools and local businesses. Under QZAB regulations, a 10% contribution from private sources is required in order to issue a QZAB. Interest on QZAB is paid by the federal government in the form of an annual tax credit to a bank or other eligible financial institution that holds the QZAB. Eligible schools must be located in an Empowerment Zone or have at least 35% or more of its student population eligible for free or reduced lunch under the National School Lunch Act. The School Board also approved a \$2.6 million capital lease in 2002, to purchase instructional software and is scheduled to be paid over a four-year period ending June 2005.

Cash Management

Cash temporarily idle during the year was invested in interest-bearing accounts with our fiscal agency, in certificates of deposits, and in the Louisiana Asset Management Pool (LAMP). The School System's Investment Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Total investment income from all sources totaled \$0.8 million, reflecting a reduction of approximately \$0.3 million from the prior year. This reduction is a result of the continued decline in the interest rate and a reduction in the amount of cash available to invest as the construction and renovation projects in Proposition 1 are basically complete.

Cash balances run very low during many of the months from July through December. For the past fourteen years, the School System has participated in an Advance Funding Program of the Louisiana Public Facility Authority (LPFA) in an effort to minimize this problem. In October 2003, the School System entered into a short-term Advance Funding Agreement with LPFA for \$5,000,000 at an interest rate of 2.19%. That loan was successfully repaid by March 1, 2004. This program has been very beneficial to this School System and has provided funds to facilitate the adverse "cash flow" problems brought on by the cyclical nature of the receipt of ad valorem revenues. The School System will again participate in the program for the 2004-2005 fiscal year.

All of the School System's primary deposits as of June 30, 2004 were either collateralized by securities held by the School System or by its agent in the name of the School System as required by law. The School System's consolidated bank account holds the cash of all funds. Temporary negative cash balances may occur in various funds during the year pending reimbursements from State and Federal grants, as these grants are awarded on a reimbursement basis. The General Fund finances these temporary situations in the majority of the cases.

Risk Management

The School System's administration is charged with the responsibility of supervising the protection of the district's assets by implementing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. A Risk Management staff is in place to manage this process and includes contracted support to assist management with measures to identify and reduce the system's exposure to loss. The School System continues to carry various forms of liability insurance including, but not limited to, excess workers' compensation coverage, property and casualty, errors and omissions, auto liability and general liability. The School Board adopted a self-insurance program for general liability, property and fleet vehicle insurance. Annual appropriations continue to be approved by the School Board to fund this program.

The medical insurance program includes health, life and other benefits for all full-time employees. With the continued rising costs of providing health care coverage, this fund has resulted in a deficit in the Retained Earnings. The School Board approved plan modifications and premium increases effective January 1, 2005 in an effort to reduce the Retained Earnings deficit in this program. Additional premium increases and plan modifications will be developed and recommended to maintain a stable health program.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The public accounting firm of Postlethwaite & Netterville was selected by the School System several years ago to perform its annual financial audit. In addition to meeting the requirements set forth in State statutes, this audit was designed to comply with requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports on the basic financial statements are included in the financial section of this report. The auditors' reports related specifically to the single audit, internal control, and compliance with laws and regulations are included in a separate report and are available for review at the School System.

AWARDS

Government Finance Officers Association

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the School System for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This was the eighteenth consecutive year that the School System has received this prestigious award. In order to be awarded a Certificate of Achievement, the School System published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the 2003-2004 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and will submit it to the GFOA for review in determining eligibility for another certificate.

Association of School Business Officials

The School System has received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003. This was the eighteenth consecutive year that the School System has received this prestigious award. This award certifies that the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2003, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International. The award is granted only after an intensive technical review of financial reports by an expert panel of certified public accountants and practicing school business officials has been made. The Certificate of Excellence is the highest form of recognition in school financial reporting issued by the Association of School Business Officials International.

A Certificate of Achievement is valid for a period of one year only. Management believes that the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2004, which will be submitted to ASBO for review, also conforms to their principles and standards.

ACKNOWLEDGEMENTS

It is our desire that this report contain the necessary information and data that will provide a better understanding of the operations of the School System. It is further hoped that this report has been designed in such a manner as to be used as an administrative tool and general source of information to enhance our accountability to the public.

The preparation of this report in a timely manner could not have been achieved without a dedicated and highly qualified staff. I would like to take this opportunity to express my sincere appreciation to the entire Budget Management and Finance Department staff, whose extraordinary efforts and dedication contributed significantly in the timely preparation of this report. The professional, thorough, and timely manner in which our independent auditors, Postlethwaite & Netterville, conducted the audit is also appreciated. The Graphic Arts Department is to be commended on their creative input in the design and timely reproduction of this document. We would like to thank the members of the School Board for their interest and support in planning and conducting the financial operations of the East Baton Rouge Parish School System in a responsible and progressive manner.

Sincerely,



Charlotte D. Placide, MPA, RSBA, CLSBA, CGFO
Deputy Superintendent for Operations and Budget Management
Serving as Interim Superintendent



Certificate of Achievement for Excellence in Financial Reporting

Presented to
East Baton Rouge
Parish School Board,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Edward Haney

President

Jeffrey R. Emer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

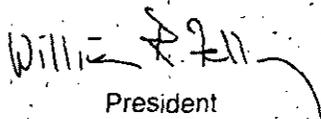


This Certificate of Excellence in Financial Reporting is presented to

EAST BATON ROUGE PARISH SCHOOL SYSTEM

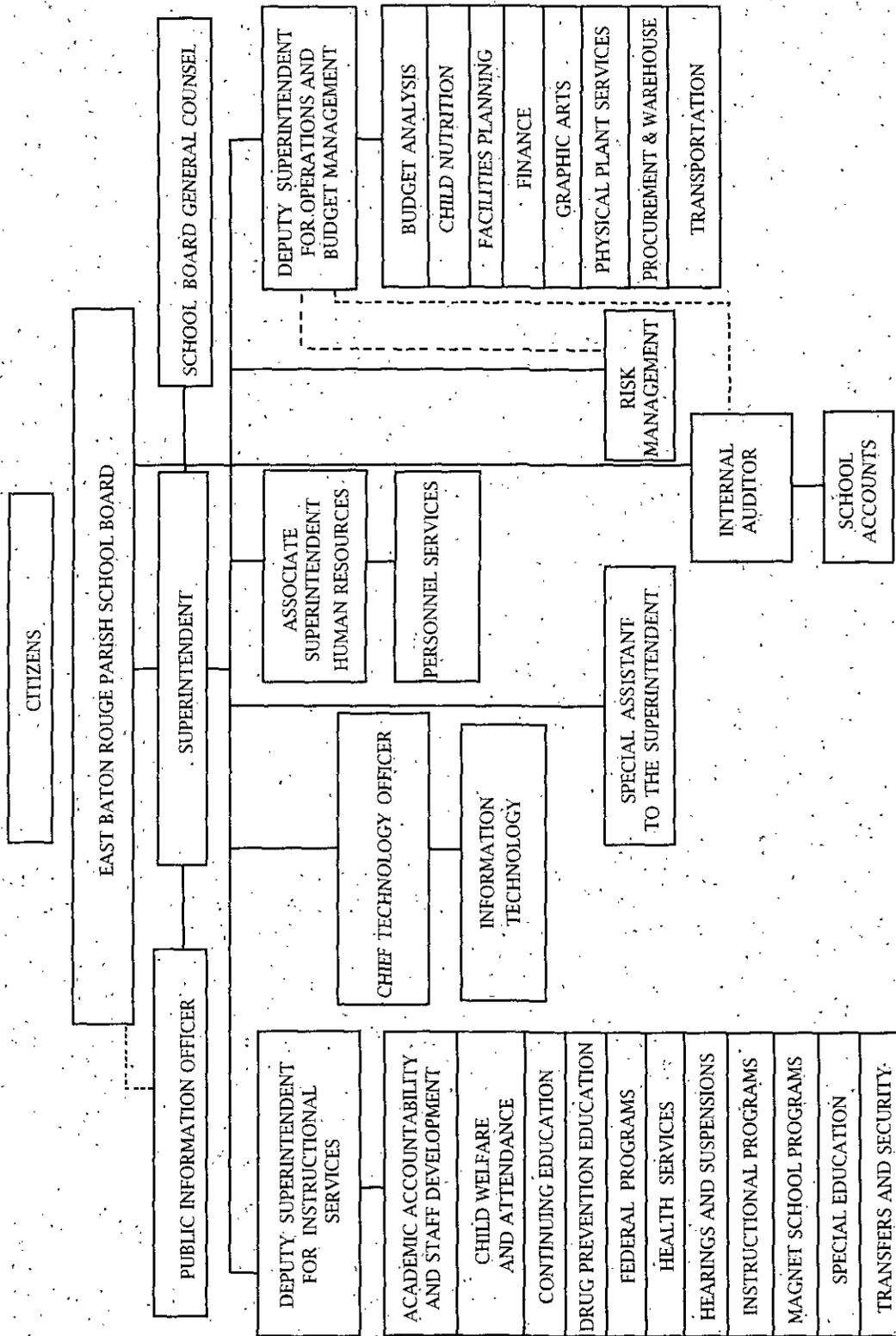
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

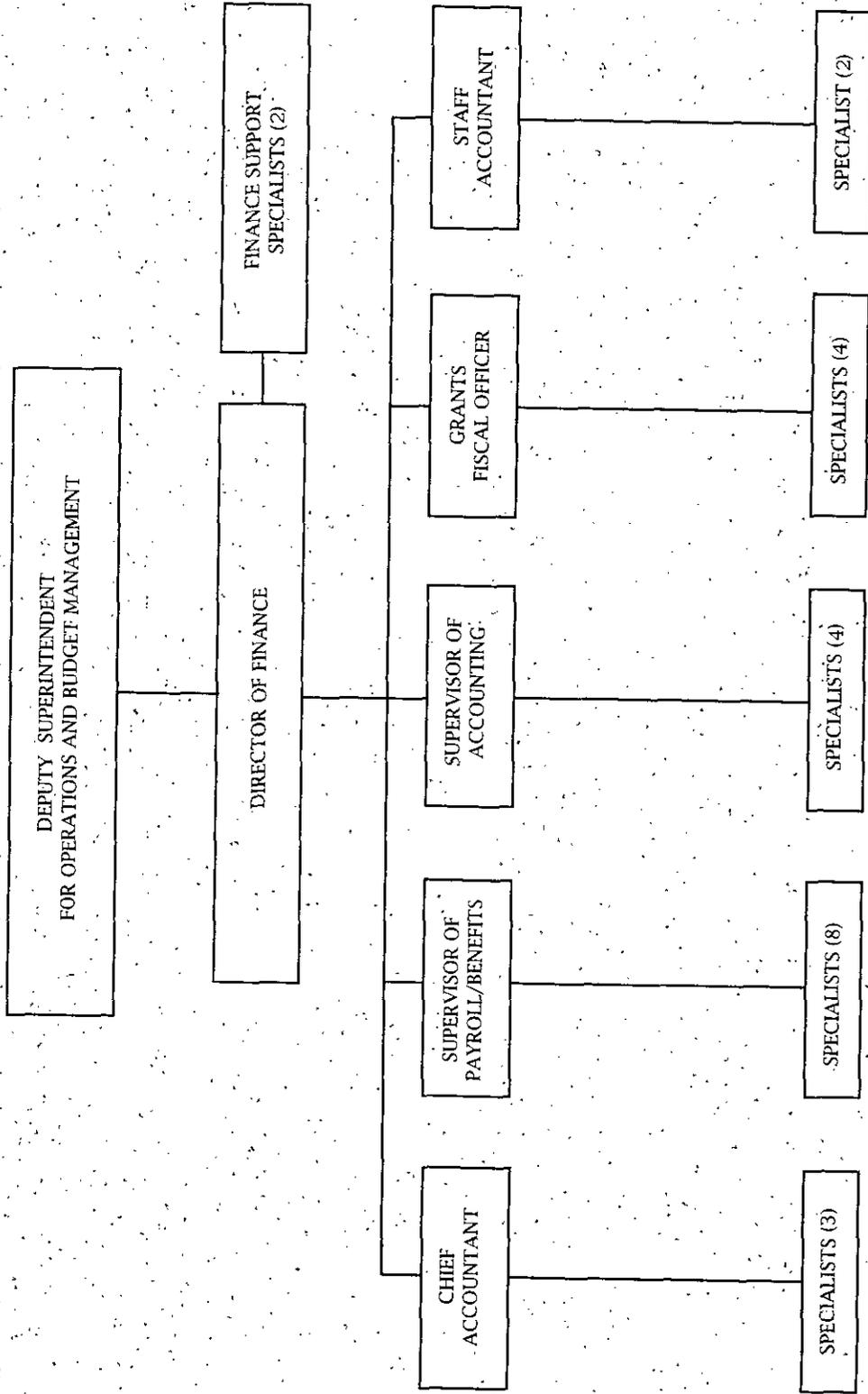

President


Executive Director

East Baton Rouge Parish School System Organizational Chart



East Baton Rouge Parish School System Finance Department Chart



Financial
Section

Comprehensive Annual Financial Report



Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

The East Baton Rouge Parish School System

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Parish School System (School System) as of and for the year ended June 30, 2004, which collectively comprise the School System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School System's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Parish School System as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages xxix through xlii and pages 34 through 40, respectively, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Baton Rouge Parish School Systems's basic financial statements. The accompanying supplementary information consisting of the introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2004 on our consideration of the East Baton Rouge Parish School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The statement of net assets as of June 30, 2003 is shown on page 1 for comparative purposes. This statement was included as part of the School System's June 30, 2003 basic financial statements which were audited by us and upon which we issued our unqualified opinion in our report dated October 31, 2003.



Baton Rouge, Louisiana
October 22, 2004



Comprehensive Annual Financial Report



*Required
Supplemental
Information*

Part I

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

The Management's Discussion and Analysis (MD&A) of the East Baton Rouge Parish School System's (School System) financial performance provides an overall review, objective and easily readable analysis of the School System's financial activities for the fiscal year-ended June 30, 2004. The intent of the MD&A is to look at the School System's overall financial performance as a whole and to assist readers in assessing the financial position as a result of the year's operations. Therefore, readers should read the MD&A in conjunction with the *Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal (Page viii) of the Introductory Section*, the School System's Financial Statements (Financial Section, Page 1), and the Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

- Total assets of the School System exceeded total liabilities at June 30, 2004 by \$215.7 million (net assets). The unrestricted portion of net assets was \$10.9 million and may be used to meet the district's ongoing obligations and operational needs.
- Total net assets increased by \$21.4 million for the year mainly due to new school construction. Net assets invested in capital assets, net of related debt, increased by \$18.4 million with a corresponding increase in net assets restricted for capital improvements of \$3.0 million. The closeout of these funds will be finalized by December 2004, as the final projects are scheduled for completion later this fall and early winter. Twenty-two of the twenty-five classroom addition projects approved in the 1998 Tax Plan have been completed, providing over 110,000 square feet of additional new facility space to twenty-two existing campuses. Many other school maintenance, technology and renovation projects have also been completed as outlined in the 1998 Tax Plan. The school construction of Northeast High and Woodlawn High was completed with occupancy in August 2003. Capitol Middle construction will be completed in July 2004, with occupancy in August 2004. These projects were funded by Proposition 1 of the 1998 five year Tax Plan. Net assets for supplemental compensation decreased \$2.8 million from the prior year to support a one-time supplement to eligible employees in December 2003. Net assets for other operations decreased by \$0.5 million, and unrestricted net assets increased by \$3.3 million.
- As of June 30, 2004 the School System reported combined ending fund balances in its governmental fund types of \$60.9 million, representing a \$2.4 million decline from the prior year of \$63.3 million. As mentioned previously, the majority of these funds are either restricted or reserved for related obligations of the Tax Plan, the Desegregation Final Settlement Agreement, increased medical insurance premiums, additional bus purchases, or other special purposes. The fund balance for Proposition 1, dedicated for Capital Projects, increased \$3.0 million as projects near completion and will be finalized later in the fall. In addition, this increase is related in part to the recent School Board approval to eliminate the construction of classroom additions (quads) at South Boulevard, Dufrocq and Nicholson Elementary schools and improving sales tax collections. These funds will be allocated toward future Tax Plan continuation improvements and construction in the downtown/midtown area serving these schools. The fund balance for Proposition 3 is dedicated for supplemental employee compensation as outlined in the Tax Plan.
- The fund balance in the General Fund decreased by \$1.4 million. Expenditures exceeded revenues by approximately \$3.0 million and financing sources exceeded uses by \$1.6 million. The excess expenditures are associated with the increased health insurance premiums and the increased number of retirees eligible for health insurance. A decrease in fund balance was projected and budget reductions totaling \$13.0 million were approved by the School Board to support the estimated \$10.7 million adverse financial impact associated with the Baker and Zachary School Systems' separation from the School System effective July 1, 2003.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

- The School System's Internal Service funds reported a combined *deficit* net asset balance as of June 30, 2004, of \$3.8 million, comprised primarily of a *deficit* net asset balance of \$5.1 million in the Medical Insurance Fund. The Medical Insurance Fund *deficit* is a result of medical claims exceeding premium collections for the last several years. Premium increases and plan design changes to the medical insurance program were approved and implemented last fall. Additional plan design changes, including a revised deficit reduction plan included in the premium structure, were recently approved and will be implemented effective January 1, 2005 in an attempt to eliminate this *deficit*. The Risk Management Fund *deficit* is mainly a result of several large settlements and recently increased deductibles and premiums. Additional funds will be allocated to eliminate this *deficit*.
- The Undesignated Fund Balance for the General Fund at June 30, 2004 was \$16.8 million or 5.9% of General Fund expenditures.

USING THE BASIC FINANCIAL STATEMENTS

The School System's basic financial statements consist of the government-wide financial statements, the fund financial statements, the associated notes to those statements, and the required supplemental information of the MD&A and budgetary comparison schedules of the major funds. The statements are organized so the reader can understand the operations of the School System as a financial whole, i.e., an entire operating entity, its funds, and its fiduciary responsibilities. The government-wide financial statements, consisting of the Comparative Statement of Net Assets and the Statement of Activities (pages 1-2), provide highly consolidated financial information and render a government-wide perspective of the School System's financial position and results of operations for the year. The Fund Financial Statements (pages 3-4, 6-9) provide the next level of detail and look at the School System's most significant funds and a total of all other non-major funds.

Reporting the School District as a Whole

Comparative Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities present an aggregate view of the School System's finances and a long-term view of those finances. These statements seek to answer the question, "How did the School System as a whole do financially during the 2003-2004 fiscal year?" These statements include *all non-fiduciary assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the System's current year revenues when earned and expenses when incurred regardless of when they are received or paid.

These two statements report the School System's net assets and changes in those net assets. By showing the change in net assets for the year, the reader may ascertain whether the School System's financial condition has improved or deteriorated. The causes of the change may be the result of many factors, both financial and non-financial in nature. Non-financial factors which may have an impact on the School System's financial condition include the School System's property and sales tax base, student enrollment, facility conditions, required educational programs for which little or no funding is provided or other external factors.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

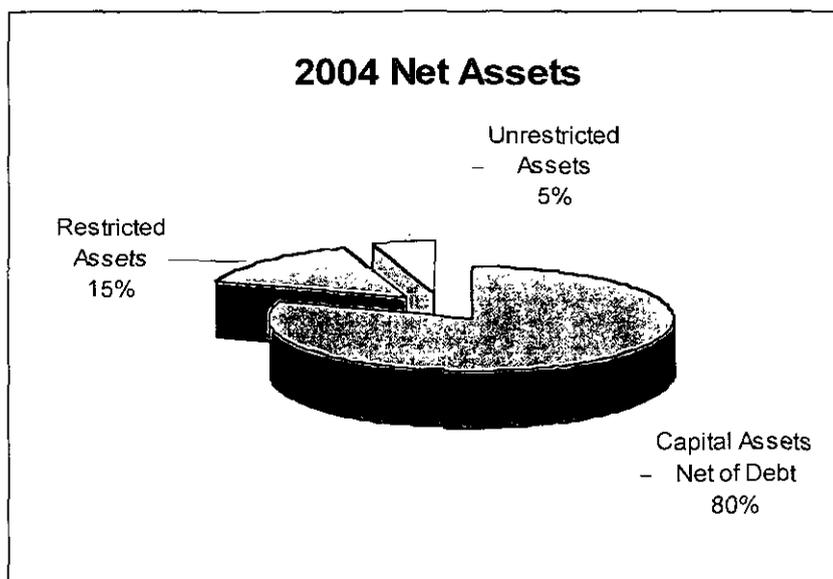
The following table reflects the condensed Statement of Net Assets for 2004:

Table I
Combined Statement of Net Assets
Years-ended June 30, 2004 and June 30, 2003
(In millions)

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
Assets			
Current & Other Assets	\$ 95.4	\$ 94.1	\$ 1.4
Capital Assets	<u>175.8</u>	<u>158.1</u>	<u>17.6</u>
Total Assets	\$ 271.2	\$ 252.2	\$ 19.0
Liabilities			
Current Liabilities	\$ 38.3	\$ 37.5	\$ 0.8
Long-Term Liabilities	<u>17.2</u>	<u>20.4</u>	<u>(3.2)</u>
Total Liabilities	\$ 55.5	\$ 57.9	\$ (2.4)
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 173.2	\$ 154.8	\$ 18.4
Restricted	31.6	31.9	(0.3)
Unrestricted	<u>10.9</u>	<u>7.6</u>	<u>3.3</u>
Total Net Assets	<u>\$ 215.7</u>	<u>\$ 194.3</u>	<u>\$ 21.4</u>

For more detailed information refer to Page 1

The following table reflects an overview of Net Assets for the year-ended June 30, 2004:



For more detailed information refer to Page 1.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

Total assets increased by \$19.0 million from the previous fiscal year with the majority of this increase in the area of capital assets. Capital assets increased as a result of the completed construction of two new schools, one school being substantially complete, additional classrooms at several school sites, and renovation and repair projects being complete or substantially complete at many other sites. Northeast High and Woodlawn High were completed and opened in August 2003. Capitol Middle school will be complete in July 2004 and open to receive students in August 2004. These projects are funded by 51% of a one-cent sales tax outlined in Proposition 1-Capital Projects.

Total liabilities decreased by \$2.4 million from the previous fiscal year, with the greatest decrease being in long-term liabilities related to compensated absences. This decrease is a result of the reduction in staff of approximately 1,000 employees, and is primarily a result of the separation of the cities of Baker and Zachary from the School System to form separate school systems and the privatization of maintenance. Current liabilities increased by \$0.8 million, as a result of the following factors. Accounts payable decreased by \$4.7 million, which is attributed to the substantial completion of the majority of the construction and renovation projects funded by Proposition 1-Capital Projects. Deferred revenues increased by \$0.9 million mainly in State grants. The major contributor to this increase is the Education Excellence Fund totaling \$0.7million representing funds from the tobacco settlement litigation and is dedicated for use in educational programs in subsequent years once an expenditure plan is developed and approved by the Louisiana Department of Education (note 18).

The \$4.8 million increased deferred financial commitment represents the unamortized portion of the financial commitment with Aramark. In March 2004, the School System entered into a partnership with Aramark to privatize its maintenance, grounds, and janitorial functions. This partnership included a financial commitment from Aramark of an amount up to \$5,000,000 to support the labor conversion and maintenance and operations of facilities. The School System agrees to invest these funds in costs associated with the labor conversion and/or the maintenance and operation of the facilities. The financial commitment shall be amortized on a straight-line basis over a period of ten (10) years. Upon termination of the partnership by either party, for any reason, the School System must reimburse Aramark the unamortized portion of the financial commitment.

The long term liabilities decreased \$3.2 million, mainly as a result of a \$2.4 million net reduction in Compensated Absences, a \$0.2 million decline in the long-term obligation of the Qualified Zone Academy Bond (QZAB) debt for the purpose of renovations and repairs at various school sites, and a \$0.6 million decline in the four year capital lease for the purpose of purchasing instructional software for several schools (note 8).

Net assets increased \$21.4 million as of June 30, 2004, with \$18.4 million of this increase in the area of capital assets, net of related debt. As mentioned previously, the School System is in the fifth year of a five-year capital improvement plan and encumbered approximately \$147.7 million or 99% and expended approximately \$143.3 million or 96% of the tax plan budget as of June 30, 2004. Restricted net assets declined by \$0.3 million as a result of the construction and renovation program reaching completion. Unrestricted net assets increased from the previous year by \$3.3 million mainly as a result of an improvement in the General Fund's sales and ad valorem tax.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

Governmental Activities

The Condensed Statement of Changes in Net Assets presented in Table II, reflect the cost of the School System's governmental activities for the year ended June 30, 2004 of \$376.0 million, which is a 6.2% decrease from the prior year. This statement portrays the activity in a traditional revenue over expense format and the numbers are derived from those presented in the Statement of Activities on page 2. The Statement of Activities shows the detailed cost of program services and the charges for services, grants, and contributions offsetting some of the costs of those program expenses. Operating Grants and Contributions totaling \$61.1 million subsidized certain programs of the School System. The Child Nutrition Program continues to be the largest federally funded program with \$17.1 million in federal revenue compared to Title I with \$14.7 million. The federal reimbursement rate for meals served increased by approximately 3%. In addition, Charges for Services such as fees from other governments, agencies, schools systems, and students, for transportation services, school lunches, extended day tuition, and summer school tuition totaling \$4.9 million subsidized certain programs of the School System. Student lunch prices reflect an increase of 20 cents for primary and 25 cents for secondary per paying student. This represents only the second price increase in the last fifteen years. Approximately 73.15% of the students are eligible for free or reduced meal prices.

The remaining amount was funded by the taxpayers in East Baton Rouge Parish through Ad-Valorem and Sales and Use Taxes totaling \$212.0 million and State Revenue Sharing totaling \$3.8 million. The Minimum Foundation Program (MFP) from the State of Louisiana funded \$118.8 million, Interest and Investment Earnings funded \$0.8 million, E-Rate, Medicaid reimbursement and other general revenues contributed the remaining \$3.1 million. The \$7.0 million loss on disposition of capital assets is attributed to the transfer of assets to the Baker and Zachary school districts as required by the legislation passed to authorize the establishment of these districts.

Ad-Valorem taxes increased by approximately 3.2% due to growth of the tax rolls, and the separation of Baker and Zachary resulted in a reduction in collections of approximately 2.9%. The \$19.3 million decline in MFP funds is mainly associated with the Baker and Zachary School Systems' separation from the School System effective July 1, 2003 and the subsequent decline in student enrollment of approximately 5,380 students. Sales Taxes from all sources decreased approximately 4.3%, also as a result of the separation of Baker and Zachary School Systems and the subsequent collection of taxes in these districts that were previously collected for the School System. Parishwide sales tax collections reflect an overall increase of approximately 1% when compared to the previous year including the Baker and Zachary collections factored into this comparison. A similar impact is reflected in the ad-valorem tax collections.

Several factors mainly Baker and Zachary's exit contribute to the decrease in the cost of services by \$24.9 million from the previous year. Reductions totaling \$13.0 million in 2003-2004 were necessary to support the projected \$10.7 million adverse financial impact associated with the Baker and Zachary Schools Systems' separation. Rising health care costs resulted in the Board's approval of several plan design changes and required increased contributions to support health care claims. In addition, retiree health care costs continue to rise as the retiree population continues to expand at a rate of approximately 2% per year. The privatization of maintenance during the fiscal year resulted in an increase in the retiree population of approximately 10%. Retirees eligible for health care increased from 4,391 in July 2003 to 4,818, June 2004.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

A one-time salary supplement totaling approximately \$5.6 million was approved by the Board and the Oversight Committee and was distributed to all eligible employees in December 2003. This supplement was made possible from the accumulation in the fund balance of Proposition 3, mainly as a result of the continued reduction in staff over a two-year period and a slight increase in the collections at the beginning of the tax collection period

Instruction and Support Services expenses decreased \$24.9 million mainly as a result of the Baker and Zachary School Systems' separation and the privatization of maintenance as previously mentioned.

The Child Nutrition Fund decreased by approximately \$2.9 million mainly as a result of the Baker and Zachary separation and the prior year completion of facility renovations for the Child Nutrition Program. Funds were authorized by the School Board to provide for facility renovations for the Child Nutrition central administration offices and warehousing facilities. The project was completed in June 2003 and the staff moved into the newly renovated facilities in August 2003.

The Child Nutrition Program continues to offer a Breakfast Program to all students at no cost. This Breakfast Program has saved the parents of students in this School System approximately \$516,000 during the fiscal year representing additional district support. Overall meal participation has continued to increase as the staff continues to offer creative menus. The rate of participation grew 1.6% with participation of 83.6%.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

The key elements of the increase of the District's Net Assets for the year ended June 30, 2004 with comparative figures from 2003 are as follows:

Table II
Condensed Statement of Changes in Net Assets
Years-ended June 30, 2004 and June 30, 2003
(In millions)

Revenue	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 4.9	\$ 5.4	\$ (0.5)
Operating grants and contributions	61.0	63.9	(2.9)
Capital grants and contributions	-	0.2	(0.2)
General revenues:			-
Ad-valorem taxes	88.6	85.4	3.2
State revenue sharing	3.8	3.9	(0.1)
Sales and use taxes	123.4	129.0	(5.6)
State aid not restricted (MFP)	118.8	138.1	(19.3)
Interest and investment earnings	0.8	1.2	(0.4)
Miscellaneous	3.1	3.7	(0.6)
Loss on disposition of capital assets	<u>(7.0)</u>	<u>-</u>	<u>(7.0)</u>
Total revenues	<u>\$ 397.4</u>	<u>\$ 430.8</u>	<u>\$ (33.4)</u>
Expenses			
Instruction:			
Regular education programs	\$ 123.3	\$ 135.4	\$ (12.1)
Special education programs	55.1	57.9	(2.8)
Other education programs	37.3	38.8	(1.5)
Support Services:			-
Pupil support services	19.4	20.9	(1.5)
Instructional staff services	13.2	14.7	(1.5)
General administration services	9.3	8.9	0.4
School administration services	16.9	18.8	(1.9)
Business and central services	9.8	8.8	1.0
Plant operating and maintenance	40.7	43.6	(2.9)
Transportation	23.5	22.7	0.8
Child nutrition	24.9	27.8	(2.9)
Appropriation – charter schools	2.6	2.5	0.1
Interest on long-term debt	<u>-</u>	<u>0.1</u>	<u>(0.1)</u>
Total expenses	<u>\$ 376.0</u>	<u>\$ 400.9</u>	<u>\$ (24.9)</u>
Increase in net assets	\$ 21.4	\$ 29.9	\$ (8.5)
Net assets – beginning	<u>194.3</u>	<u>164.4</u>	<u>29.9</u>
Net assets – ending	<u><u>\$ 215.7</u></u>	<u><u>\$ 194.3</u></u>	<u><u>\$ 21.4</u></u>

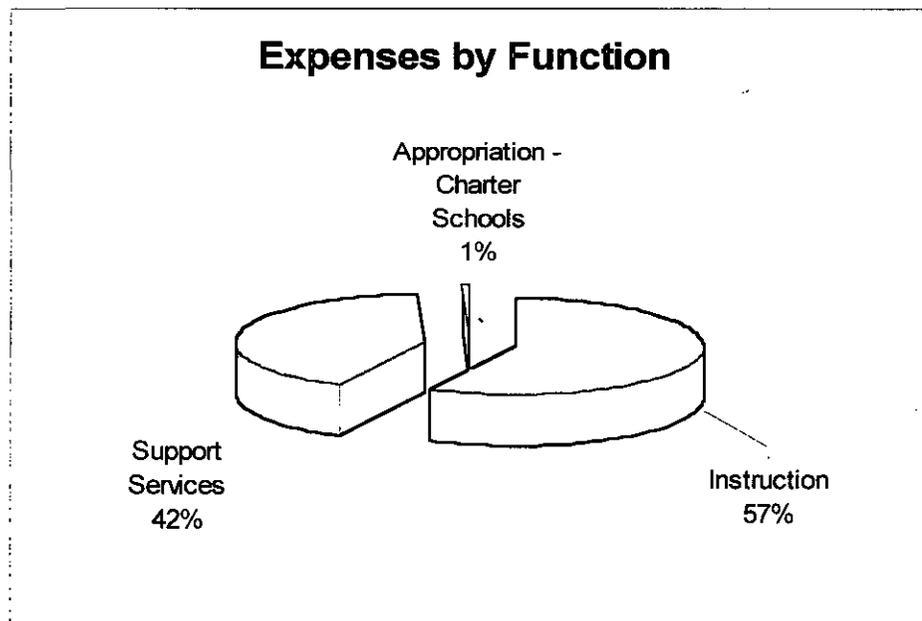
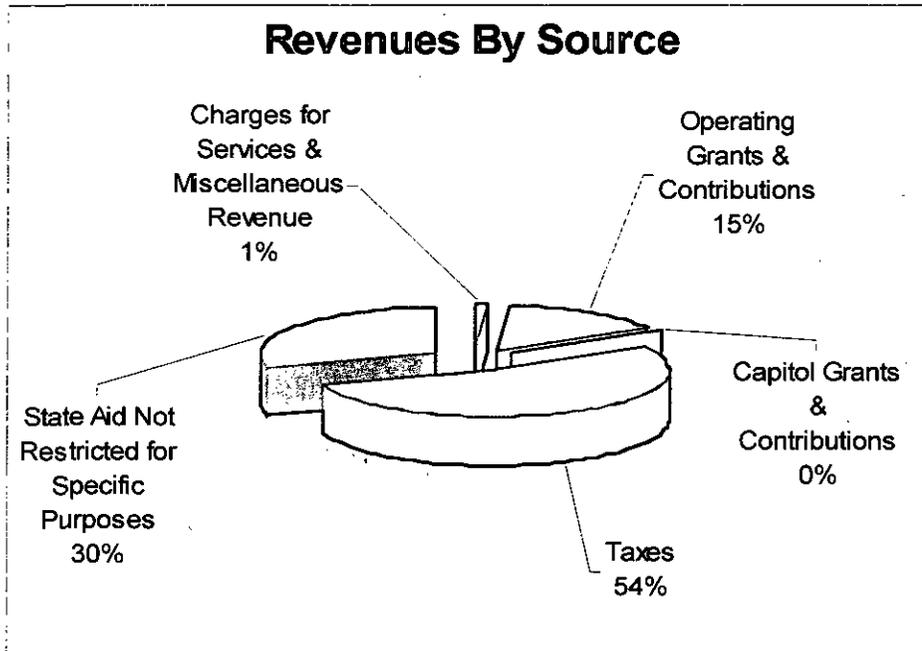
For more detailed information refer to Page 2.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

The following reflects revenue and expense components in proportion to the respective totals included in the Statement of Activities:



For more detailed information refer to Page 2.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School System's major funds begins on page 3. Fund Financial Statements provide more in-depth reporting of the School System's financial position and the results of operations. Fund basis financial information is presented in the "Fund Financial Statements" Section. The School System uses many funds to account for the numerous funding sources provided annually. However, the Fund Financial Statements look at the School System's most significant funds with all non-major funds presented in total in one column. These statements report governmental activities on a more current basis rather than a long-term basis, indicating sources and uses of funding, and resources available for spending in future periods.

Fund Financial Statements provide more in-depth data on the School System's most significant funds, such as its General Fund, Title I Fund, Tax Propositions 1-Capital Projects Fund, Proposition 2-Discipline Fund, Proposition 3-Compensation Fund, and the Child Nutrition Fund. These funds are considered "major funds" under GASB Statement No. 34.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which generally focus on how money flows in and out of those funds, the balances that are left at year-end, and the amount available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The relationship between governmental activities reported in the Basic Financial Statements and the governmental funds reported in the Fund Financial Statements are reconciled to provide a more comprehensive picture of the District's financial position.

Proprietary Funds – Proprietary funds use the accrual basis of accounting which is the same basis used by the private sector. Proprietary funds attempt to recover costs through charges to the user. The School System uses the Internal Services Funds (Proprietary funds) to account for activities for workers' compensation, risk management, and medical insurance.

Statement of Fiduciary Net Assets – This statement presents financial information relative to assets held by the School System on behalf of students (student activity funds), employees (deferred pay), and others (payroll deductions).

THE SCHOOL SYSTEM'S FUNDS

The School System uses funds to control and permit measurement in the short-term of revenues and expenditures of a particular activity or purpose (e.g., dedicated taxes and grant programs). The Fund Financial Statements allow the School System to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial management of the School System and assess further the School System's overall financial stability.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

The fund balances for all funds for the fiscal year-ended June 30, 2004 are as follows:

- As the School System completed the fiscal year-ended June 30, 2004, its combined fund balance was \$60.9 million as compared to a combined fund balance of \$63.3 million as of June 30, 2003. The majority of this fund balance is attributable to the General Fund and the three (3) Propositions which are specifically dedicated. Propositions 1, 2, and 3 fund balances were \$10.8 million, \$3.8 million, and \$14.1 million respectively as of June 30, 2004. The Capital Projects fund ended the year with a *deficit* unreserved fund balance of \$6.3 million as a result of the total construction commitments of \$17.1 million being recognized. This *deficit* is caused by encumbering the total of all construction commitments and will be funded from future sales tax collections of the "pay as you go" Tax Plan.
- At the close of the current fiscal year, the General Fund ended the year with a fund balance of \$28.5 million, a decrease of \$1.4 million when compared to the prior year. The unreserved and undesignated portion of this fund balance is \$16.8 million and will be necessary to support the adverse financial impact of approximately \$10.7 million associated with the Baker and Zachary School Systems' separation from the School System effective July 1, 2003, increased medical costs, and other instructional and operational requirements.
- The Child Nutrition Fund and Other Governmental Special Revenue Funds' fund balances were \$1.3 million and \$2.4 million respectively.
- The Internal Service Funds ended the year with a *deficit* net asset balance at June 30, 2004 of \$3.8 million primarily as a result of increased claims and less than adequate premiums from the prior fiscal year. The prior year deficit of \$6.8 million was reduced by an increase in net assets of \$3.0 million. Health plan design changes and approved premium increases were approved to reduce this deficit.

General Fund Budgetary Highlights

The School System's budget is prepared according to Louisiana law. During the course of the year, the School System revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues is less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The original budget for the School System was adopted on June 25, 2003 and the final revised budget was adopted on April 22, 2004.

A statement showing the School System's original and final budget compared with actual operating results is provided in this CAFR beginning on page 35. Tables III and IV reflect a condensed comparative analysis of the General Fund's revenues and expenditures at June 30, 2004. The School System's year-end actual results were improved when compared to budget, as conservative budgetary practices are customary. Revenues are forecast conservatively and expenditures are budgeted in anticipation of all possible costs and projects.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

The General Fund's actual revenues exceeded projections by \$4.3 million and decreased \$20.4 million when compared to the prior year. Ad valorem tax revenue increased \$3.1 million over last year as a result of a growth in the 2003 parish assessment roll of approximately 1.0% and an overall collection rate of 99.7%. Actual collections exceeded projections by \$2.6 million or 3.0%. The total millage levied by the School System is 43.45 mills, which generates approximately \$2.0 million per mill. Sales tax collections decreased over prior year's collections by \$2.9 million or 4.2% as a result of the Baker and Zachary school separation, and exceeded projections by \$1.2 million or 1.8%. Final sales tax collections were projected to exceed the prior year's collection by approximately 1.6%. Original estimates were conservative and assumed there would be no growth in the current fiscal year. Earnings on Investments declined \$0.2 million from the prior year, mainly associated with the continued decline in the interest rate. Other local revenue decreased by approximately \$0.5 million when compared to projections and prior year, which mainly represents a decrease in Medicaid reimbursements for health and screening services.

State revenue sources from unrestricted grants-in-aid, MFP, reflect a decrease of \$18.9 million when compared to the prior year. The reduction in the MFP allocation reflects Baker and Zachary independent school separation and the State's subsequent formula allocation to those districts.

State funds appropriated in Levels 1 and 2 of the formula have continued to decline as a result of the decline in student population. Student enrollment for the 2003-2004 school year was projected to decrease by approximately 5,793 students from the 2002-2003 school year. Actual October 1, 2003 student enrollment approved for the purpose of funding by the State was 44,997 students or 5,806 students less than the enrollment on October 1, 2002.

The decrease of \$0.9 million in restricted State grants-in-aid mainly represents a reduction of \$0.3 million for the phase out of the Professional Improvement Program (PIP) for instructional staff and an increase of \$0.6 million in non-public transportation funding. The one-time State salary supplement appropriation of \$1.0 million for non-certificated employees was appropriated in 2002-2003, was non-recurring, and is the main reason for this decrease.

General Fund expenditures decreased by \$9.5 million from the prior year. The exit of Baker and Zachary school districts from the School System is reflected in this reduction. Expenditures have remained relatively stable with the exception of the normal salary step increases and related benefit costs. Actual expenditures fell below final projections by \$2.7 million, with \$1.4 million and \$1.0 million of this amount in Plant operations and maintenance and business and central services respectively. However, encumbrances outstanding at year end totaled \$2.8 million in the areas of plant operations and maintenance, and transportation that will be liquidated in the subsequent fiscal year. A corresponding amount was reserved from the fund balance to support these encumbrances. Natural gas and electricity remained relatively stable when compared to a year ago. Maintenance and Transportation expenditures increased by \$1.2 million and \$3.2 million respectively over the prior year mainly as a result of the reinstatement of the employer's portion of school employees' retirement contributions, and increased health insurance premiums for active employees and eligible retirees. The employer's contribution rate had been suspended for two years and was set at a rate of 8.5%.

There has been a continued decline in student enrollment, MFP funding, sluggish sales tax collections for the past two years, increased health insurance costs, increased liability insurance premiums and deductibles, and the adverse financial impact associated with Baker and Zachary Independent School Systems. The original 2004-2005 budget was approved last June and included approximately \$13.0 million in expenditure reductions.

Increased expenditures reflect the health insurance premiums that increased by approximately 13.6% for the calendar year 2004 as a result of the constantly rising health care costs along with an increasing retiree population eligible for health insurance. Additional recommendations for premium increases and plan modifications have been approved and are effective January 1, 2005 to eliminate the deficit in the Medical Insurance Fund.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

The unreserved fund balance designates \$3.0 million to reduce the deficit in the Medical Insurance Fund, \$2.0 million for much needed additional school bus purchases to update an aging fleet, and \$1.7 million for special facility projects. The undesignated fund balance of \$16.8 million represents an increase of \$6.0 million over final projections and is approximately 5.96% of actual expenditures. This amount is less than adequate for an operation of this size, in an environment with a declining student enrollment, unstable sales tax collections, aging facilities, increased State and Federal accountability requirements, and escalating health care costs. These improved results, however, are welcomed and necessary to support the less than adequate fund balance projected for the 2004-2005 fiscal year.

Table III
General Fund Revenue
Years-ended June 30, 2004 and June 30, 2003
(In Millions)

<u>GENERAL FUND REVENUE</u>	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
<u>Local Revenue</u>			
Ad Valorem Taxes	\$ 87.1	\$ 84.0	\$ 3.1
Sales and Use Taxes	65.7	68.6	(2.9)
Earnings on Investments	0.5	0.7	(0.2)
Extended Day Program Tuition	0.5	0.4	0.1
Other	<u>3.1</u>	<u>3.6</u>	<u>(0.5)</u>
Total Local Revenue	\$ 156.9	\$ 157.3	\$ (0.4)
<u>State Sources</u>			
Unrestricted Grants-In-Aid, MFP	\$ 115.4	\$ 134.3	\$ (18.9)
Revenue Sharing	3.8	3.9	(0.1)
Restricted Grants-In-Aid	<u>3.2</u>	<u>4.1</u>	<u>(0.9)</u>
Total State Sources	\$ 122.4	\$ 142.3	\$ (19.9)
<u>Federal</u>	\$ 0.5	\$ 0.6	\$ (0.1)
<u>Total Revenues</u>	<u>\$ 279.8</u>	<u>\$ 300.2</u>	<u>\$ (20.4)</u>

For more detailed information refer to Page 35.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

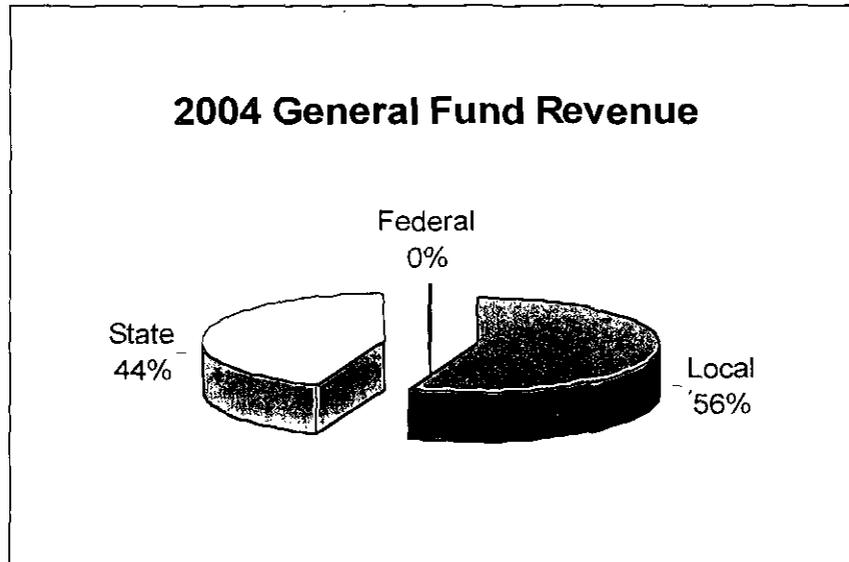


Table IV
General Fund Expenditures
Years-ended June 30, 2004 and June 30, 2003
(In Millions)

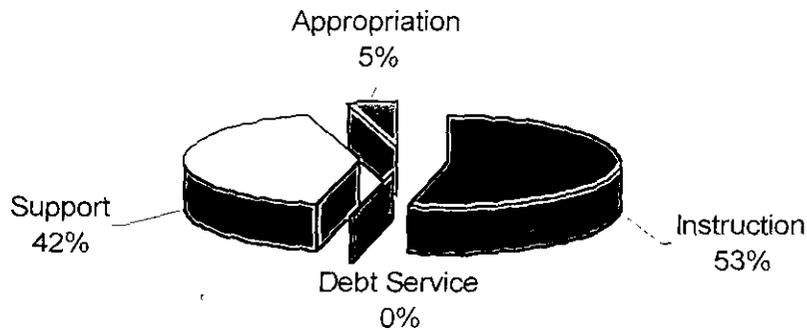
<u>GENERAL FUND EXPENDITURES</u>	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
<u>Instruction</u>			
Regular Education Programs	\$ 93.2	\$ 102.0	\$ (8.8)
Special Education Programs	47.0	47.6	(0.6)
Other Education Programs	<u>11.6</u>	<u>12.3</u>	<u>(0.7)</u>
Total Instruction	\$ 151.8	\$ 161.9	\$ (10.1)
<u>Support</u>			
Pupil Support Services	\$ 14.6	\$ 15.5	\$ (0.9)
Instructional Staff Services	7.5	7.7	(0.2)
General Administration Services	8.8	8.3	0.5
School Administration Services	16.3	17.5	(1.2)
Business and Central Services	8.4	8.7	(0.3)
Plant Operations and Maintenance	39.6	38.4	1.2
Transportation	<u>22.4</u>	<u>19.2</u>	<u>3.2</u>
Total Support	\$ 117.6	\$ 115.3	\$ 2.3
<u>Appropriations</u>			
Charter School	\$ 2.4	\$ 2.3	\$ 0.1
Desegregation Final Settlement Agreement	<u>10.7</u>	<u>12.4</u>	<u>(1.7)</u>
Total Appropriations	\$ 13.1	\$ 14.7	\$ (1.6)
<u>Debt Service</u>			
Principal	\$ 0.3	\$ 0.3	\$ -
Interest	<u>-</u>	<u>0.1</u>	<u>(0.1)</u>
Total Debt Service	\$ 0.3	\$ 0.4	\$ (0.1)
<u>Total Expenditures</u>	<u>\$ 282.8</u>	<u>\$ 292.3</u>	<u>\$ (9.5)</u>

For more detailed information refer to Page 35.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

2004 General Fund Expenditures



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the School System has approximately \$175.8 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additional purchases and capital outlays for construction, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year. Table V shows the net book value of capital assets at the end of the 2004 and 2003 fiscal years.

Table V
Capital Assets at
Years-ended June 30, 2004 and June 30, 2003
(In Millions)

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
Land	\$ 8.4	\$ 8.6	\$ (0.2)
Buildings and Improvements	141.5	86.1	55.4
Furniture and Equipment	7.9	7.3	0.6
Construction in Progress	<u>18.0</u>	<u>56.1</u>	<u>(38.1)</u>
Totals	<u>\$ 175.8</u>	<u>\$ 158.1</u>	<u>\$ 17.7</u>

For more detailed information refer to Page 24.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

During the current year, a substantial amount of buildings and improvements were placed in service as a result of the new school construction and several classroom additions being completed. As mentioned earlier, Northeast and Woodlawn High Schools opened this fiscal year. Capitol Middle construction will be completed in July 2004, with occupancy in August 2004. Northeast High was completed at a cost of approximately \$17.4 million and Woodlawn at a cost of \$23.8 million.

In addition, other major construction projects, renovations, and classroom additions were still in progress at June 30, 2004. Depreciation for the year-ended June 30, 2004 was \$6.3 million for buildings and improvements and \$2.1 million for furniture and equipment. Major construction and renovation projects will continue for the 2004-2005 fiscal year and will be funded with Proposition 1 "pay-as-you go" sales tax approved by the voters in 1998 for a five-year period. The voters approved a continuation of the Tax Plan for an additional five years on May 2, 2003.

Debt Administration

At June 30, 2004, the School System had outstanding Qualified Zone Academy Bond (QZAB) notes payable of \$1.9 million that are scheduled for repayment by November 2016. The School System also had a \$0.7 million capital lease at June 30, 2004 scheduled for repayment by June 2005. In accordance with LSA-R.S.39: 562 (L), the School System is legally restricted from incurring long-term bonded debt in excess of 25 percent of the assessed value of the taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2004, the statutory limit is \$677,318,499.

Other long-term obligations include accrued sick leave and annual leave. The balance at June 30, 2004 of both current and long-term obligations was \$14.7 million. More detailed information is available on pages 26 and 27.

East Baton Rouge Parish School System
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The financial well being of the School System is tied in a large measure to the State funding formula and the sales and property tax base. Following many years of economic expansion in the Baton Rouge economy, driven by retail sales and employment increases, retail sales have been suppressed since late 1999. This is compared to annual retail sales increases in excess of 5.0% for several years prior to that time. Actual sales tax collections for the fiscal year-ended June 30, 2004 reflect a decrease of 4.29% with the separation of Baker & Zachary School Systems; however, it appears that sales tax collections would have shown an increase of approximately 1.0% from the prior year had 100% of the collections remained with the School System. Auto sales show a similar trend, decreasing 4.4% with a 1.0% increase with Baker and Zachary's dollars included.

The initial undesignated fund balance projected for the General Fund for the fiscal year-ending June 30, 2005 is \$6.6 million. The expenditures are projected to decline from the prior year by approximately \$7.6 million and includes budget reductions totaling \$11.4 million. Additional expenditure reductions were necessary as a result of the employer's contribution rate to the Teachers' Retirement System's projected to increase from 13.8% to 15.5% effective July 1, 2004. The Louisiana School Employees' Retirement System provided notification that the employer contribution rate will increase from 8.5% to 18.8% for the 2004-2005 fiscal year. Increased retirement contribution rates effective July 1, 2004 are projected to increase contributions by \$5.4 million. The recently reported October 1, 2004 student enrollment figure of 45,012 students (excludes Pre-Kindergarten) exceeded projections by 587 students and 15 students below the previous year. Kindergarten through twelfth grade enrollment is still subject to the student audit adjustments and current special education counts and weight adjustments.

The actual undesignated fund balance of \$16.8 million for fiscal year-ended 2003-2004 was an improvement of \$6.0 million when compared with final projections of \$10.8 million. This positive fund balance variance will support increased retirement costs and health care premiums. A recently published economic forecast by local economists indicate that job growth for the Baton Rouge area is projected at less than 1% per year.

CONTACTING THE SCHOOL SYSTEM'S FINANCIAL MANAGEMENT

This CAFR is designed to provide full and complete disclosure of the financial condition and operations of the School System. However, citizens groups, taxpayers, parents, students, other parish officials, investors or creditors may need further detail. To obtain such details, please contact Charlotte D. Placide, Deputy Superintendent for Operations and Budget Management, East Baton Rouge Parish School System, Post Office Box 2950, Baton Rouge, Louisiana, 70821. Feel free to also contact us by calling (225) 922-5650 during regular office hours, Monday through Friday, 8:00 a.m. to 4:30 p.m., Central Standard Time, or e-mail at cplacide@ebrpss.k12.la.us.

Basic Financial
Statements

Comprehensive Annual Financial Report

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 63,670,325	\$ 60,636,641
Receivables		
Accounts	1,624,022	1,495,295
Sales tax	15,413,044	13,073,186
Ad valorem tax	1,839,897	1,616,308
Due from governments	10,549,919	14,359,429
Inventory	2,343,259	2,877,979
Capital Assets		
Land and construction in progress	26,327,816	64,671,528
Buildings and equipment, net of accumulated depreciation	<u>149,444,903</u>	<u>93,448,504</u>
TOTAL ASSETS	<u>\$ 271,213,185</u>	<u>\$ 252,178,870</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts, salaries and other payables	\$ 7,771,012	\$ 12,427,745
Deferred revenues	1,244,158	347,815
Deferred financial commitment with maintenance company	4,833,333	-
Claims payable	16,465,570	15,691,183
Due to external parties (fiduciary fund)	8,000,401	9,069,708
Long-term liabilities		
Due within one year	3,730,507	3,488,716
Due in more than one year	<u>13,473,236</u>	<u>16,892,031</u>
TOTAL LIABILITIES	<u>\$ 55,518,217</u>	<u>\$ 57,917,198</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 173,233,096	\$ 154,779,577
Restricted for:		
Capital improvements	10,778,229	7,764,658
Compensation	14,144,745	16,976,139
Other	6,658,128	7,155,431
Unrestricted	<u>10,880,770</u>	<u>7,585,867</u>
TOTAL NET ASSETS	<u>\$ 215,694,968</u>	<u>\$ 194,261,672</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<u>Functions/Programs</u>					
Instruction:					
Regular education programs	\$ 123,266,742	\$ -	\$ 3,216,713	\$ -	\$ (120,050,029)
Special education programs	55,110,215	-	4,372,661	-	(50,737,554)
Other education programs	37,325,869	816,705	26,065,009	79,297	(10,364,858)
Support Services:					
Pupil support services	19,402,706	-	2,443,731	-	(16,958,975)
Instructional staff services	13,176,049	-	4,699,048	-	(8,477,001)
General administration services	9,263,975	-	-	-	(9,263,975)
School administration services	16,928,728	-	254,012	-	(16,674,716)
Business and central services	9,780,530	-	634,648	-	(9,145,882)
Plant operations and maintenance	40,656,948	-	259,438	-	(40,397,510)
Transportation	23,453,713	111,229	2,012,943	-	(21,329,541)
Child Nutrition	24,940,146	3,951,872	17,095,564	-	(3,892,710)
Appropriation - charter schools	2,645,958	-	-	-	(2,645,958)
Interest on long-term debt	41,884	-	-	-	(41,884)
Total Governmental Activities	375,993,463	4,879,806	61,053,767	79,297	(309,980,593)
General Revenues					
Taxes:					
Ad-Valorem taxes					88,593,017
State revenue sharing					3,759,550
Sales and use taxes					123,438,777
State aid not restricted to specific programs (MFP)					118,772,955
Interest and investment earnings					812,544
Miscellaneous					3,069,802
Loss on disposition of capital assets					(7,032,756)
Total general revenues					331,413,889
Change in Net Assets					21,433,296
Net Assets - July 1, 2003					194,261,672
Net Assets - June 30, 2004					\$ 215,694,968

The accompanying notes are an integral part of this statement.



Quality and Equity

EBR

**East Baton Rouge
Parish School System**

The East Baton Rouge Parish School System
does not discriminate on
the basis of race, color, national
origin, sex, handicap
or disability

Our Children Are the Reason

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GOVERNMENTAL FUNDS

Balance Sheet

JUNE 30, 2004

	General	Title I	Proposition 1 Capital Projects
<u>ASSETS</u>			
Cash and cash equivalents	\$ 36,963,436	\$ -	\$ 9,657,748
Receivables:			
Accounts	956,289	17,049	79,297
Sales tax	8,444,768	-	3,593,040
Ad valorem tax	1,288,790	-	281,065
Due from other funds	-	-	172,260
Due from other governments	488,291	3,845,203	-
Inventory	1,672,144	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 49,813,718	\$ 3,862,252	\$ 13,783,410
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,242,084	\$ 326,291	\$ 3,005,181
Salaries and benefits payable	58,018	-	-
Due to other funds	12,998,037	3,535,961	-
Deferred financial commitment with maintenance company	4,833,333	-	-
Deferred revenues	230,092	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	21,361,564	3,862,252	3,005,181
	<hr/>	<hr/>	<hr/>
Fund balances:			
Reserved for inventory	1,672,144	-	-
Reserved for encumbrances	2,800,608	-	17,058,521
Unreserved, reported in:			
General Fund:			
Designated for coverage of medical claims	3,000,000	-	-
Designated for bus purchases	2,000,000	-	-
Designated for facilities	1,700,000	-	-
Designated for costs required under settlement agreement	456,592	-	-
Undesignated	16,822,810	-	-
Special Revenue Fund	-	-	-
Capital Projects Fund	-	-	(6,280,292)
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	28,452,154	-	10,778,229
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,813,718	\$ 3,862,252	\$ 13,783,410
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

Proposition 2 Discipline	Proposition 3 Compensation	Child Nutrition	Other Non-major Governmental	Total
\$ 3,468,353	\$ 10,344,067	\$ -	\$ -	\$ 60,433,604
-	19,735	-	210,862	1,283,232
567,636	2,807,600	-	-	15,413,044
44,088	225,954	-	-	1,839,897
-	787,000	1,264,512	1,804,417	4,028,189
-	-	-	6,216,425	10,549,919
-	-	671,115	-	2,343,259
<u>\$ 4,080,077</u>	<u>\$ 14,184,356</u>	<u>\$ 1,935,627</u>	<u>\$ 8,231,704</u>	<u>\$ 95,891,144</u>
\$ 15,401	\$ 39,611	\$ 331,137	\$ 644,924	\$ 7,604,629
-	-	-	1,250	59,268
237,459	-	-	4,495,616	21,267,073
-	-	-	-	4,833,333
-	-	298,471	715,595	1,244,158
<u>252,860</u>	<u>39,611</u>	<u>629,608</u>	<u>5,857,385</u>	<u>35,008,461</u>
-	-	372,644	-	2,044,788
-	-	115,634	-	19,974,763
-	-	-	-	3,000,000
-	-	-	-	2,000,000
-	-	-	-	1,700,000
-	-	-	-	456,592
-	-	-	-	16,822,810
3,827,217	14,144,745	817,741	2,374,319	21,164,022
-	-	-	-	(6,280,292)
<u>3,827,217</u>	<u>14,144,745</u>	<u>1,306,019</u>	<u>2,374,319</u>	<u>60,882,683</u>
<u>\$ 4,080,077</u>	<u>\$ 14,184,356</u>	<u>\$ 1,935,627</u>	<u>\$ 8,231,704</u>	<u>\$ 95,891,144</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances at June 30, 2004 - Governmental Funds		\$ 60,882,683
Cost of capital assets at June 30, 2004	\$ 275,168,002	
Less: Accumulated Depreciation as of June 30, 2004:		
Buildings	(74,444,555)	
Movable property	<u>(24,950,728)</u>	175,772,719
Consolidation of internal service funds		(3,756,692)
Elimination of interfund assets and liabilities		
Due from other funds	(13,266,672)	
Due to other funds	<u>13,266,672</u>	-
Long-term liabilities at June 30, 2004:		
Notes Payable	(1,881,819)	
Capital Lease	(657,804)	
Compensated absences payable	<u>(14,664,120)</u>	<u>(17,203,743)</u>
Total net assets at June 30, 2004 - Governmental Activities		<u>\$ 215,694,967</u>

The accompanying notes are an integral part of this statement.



EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Title I</u>	<u>Proposition 1 Capital Projects</u>	<u>Proposition 2 Discipline</u>
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 87,160,235	\$ -	\$ -	\$ -
Sales and use taxes	65,714,166	-	29,431,010	4,616,436
Earnings on investments	530,152	-	73,467	43,979
Extended Day Program tuition	501,648	-	-	-
Other	3,078,458	-	79,297	-
State sources:				
Unrestricted grants-in-aid, MFP	115,362,955	-	-	-
Revenue sharing	3,759,550	-	-	-
Restricted grants-in-aid	3,229,004	-	-	-
Federal grants	496,949	14,679,805	-	-
TOTAL REVENUES	279,833,117	14,679,805	29,583,774	4,660,415
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	93,200,605	-	-	3,259,616
Special education programs	47,046,000	-	-	49,997
Other education programs	11,551,497	10,943,990	-	-
Support:				
Pupil support services	14,609,799	242,566	-	950,996
Instructional staff services	7,501,320	1,599,565	-	129,832
General administration services	8,809,819	8,195	301,215	47,315
School administration services	16,332,959	-	-	151,786
Business and central services	8,378,445	327,880	700,150	-
Plant operations and maintenance	39,573,985	69,644	12,425,466	269,297
Transportation	22,348,275	84,784	-	20,900
Child Nutrition	-	-	-	-
Appropriation-Charter schools	2,430,212	-	-	-
Settlement Agreement	10,677,005	-	-	-
Facility acquisition and construction	-	-	17,361,099	-
Debt service - Principal	300,832	500,000	-	-
Debt service - Interest	41,884	-	-	-
TOTAL EXPENDITURES	282,802,637	13,776,624	30,787,930	4,879,739
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,969,520)	903,181	(1,204,156)	(219,324)

The accompanying notes are an integral part of this statement.

<u>Proposition 3 Compensation</u>	<u>Child Nutrition</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ 1,432,781	\$ 88,593,016
23,677,165	-	-	123,438,777
134,185	1,092	-	782,875
-	-	-	501,648
-	3,951,872	912,354	8,021,981
-	3,410,000	-	118,772,955
-	-	-	3,759,550
-	-	5,229,452	8,458,456
-	17,095,564	20,322,993	52,595,311
<u>23,811,350</u>	<u>24,458,528</u>	<u>27,897,580</u>	<u>404,924,569</u>
10,002,082	-	2,790,688	109,252,991
4,271,522	-	4,586,124	55,953,643
805,379	-	14,939,318	38,240,184
1,652,376	-	2,262,953	19,718,690
812,667	-	3,226,298	13,269,682
261,137	-	-	9,427,681
1,034,940	-	53,658	17,573,343
396,753	-	298,127	10,101,355
943,117	-	208,461	53,489,970
879,115	-	391,805	23,724,879
-	25,089,361	-	25,089,361
-	220,734	-	2,650,946
-	-	-	10,677,005
-	-	-	17,361,099
-	-	-	800,832
-	-	-	41,884
<u>21,059,088</u>	<u>25,310,095</u>	<u>28,757,432</u>	<u>407,373,545</u>
<u>2,752,262</u>	<u>(851,567)</u>	<u>(859,852)</u>	<u>(2,448,976)</u>

(continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Title I</u>	<u>Proposition 1 Capital Projects</u>	<u>Proposition 2 Discipline</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,623,023	-	4,217,727	103,134
Transfers out	(6,064,586)	(903,181)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,558,437</u>	<u>(903,181)</u>	<u>4,217,727</u>	<u>103,134</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,411,083)</u>	<u>-</u>	<u>3,013,571</u>	<u>(116,190)</u>
Fund balances, June 30, 2003	<u>29,863,237</u>	<u>-</u>	<u>7,764,658</u>	<u>3,943,407</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 28,452,154</u>	<u>\$ -</u>	<u>\$ 10,778,229</u>	<u>\$ 3,827,217</u>

The accompanying notes are an integral part of this statement.

<u>Proposition 3</u> <u>Compensation</u>	<u>Child</u> <u>Nutrition</u>	<u>Other</u> <u>Non-Major</u> <u>Governmental</u>	<u>Total</u>
-	-	1,864,586	13,808,470
<u>(5,583,656)</u>	<u>(76,500)</u>	<u>(1,180,547)</u>	<u>(13,808,470)</u>
<u>(5,583,656)</u>	<u>(76,500)</u>	<u>684,039</u>	<u>-</u>
<u>(2,831,394)</u>	<u>(928,067)</u>	<u>(175,813)</u>	<u>(2,448,976)</u>
<u>16,976,139</u>	<u>2,234,086</u>	<u>2,550,132</u>	<u>63,331,659</u>
<u>\$ 14,144,745</u>	<u>\$ 1,306,019</u>	<u>\$ 2,374,319</u>	<u>\$ 60,882,683</u> (concluded)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2004

Net Change in Fund Balances - Total Governmental Funds		\$ (2,448,976)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 33,632,092	
Depreciation expense for year ended June 30, 2004	<u>(8,451,924)</u>	25,180,168
Loss on disposition of capital assets		(7,032,756)
Proceeds from the sale of capital assets in excess of net gain/loss recognized		(494,725)
Change in net assets of internal service funds		3,052,580
Long Term Debt:		
Principal portion of debt service payments	800,832	
Excess of compensated absences used over amounts earned	<u>2,376,173</u>	<u>3,177,005</u>
Change in Net Assets - Governmental Activities		<u>\$ 21,433,296</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
BALANCE SHEET
JUNE 30, 2004

	<u>Internal Service Funds</u>
<u>ASSETS</u>	
Current:	
Cash and cash equivalents	\$ 3,236,720
Due from other funds	9,238,483
Reimbursements receivable	<u>340,790</u>
TOTAL ASSETS	<u>\$ 12,815,993</u>
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Current:	
Accounts payable	\$ 107,115
Claims payable	<u>16,465,570</u>
TOTAL LIABILITIES	<u>16,572,685</u>
Net Assets:	
Unrestricted	<u>(3,756,692)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,815,993</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Internal Service Funds</u>
<u>OPERATING REVENUES</u>	
Premiums received	<u>\$ 75,244,603</u>
TOTAL OPERATING REVENUES	<u>75,244,603</u>
<u>OPERATING EXPENSES</u>	
Claims expense	66,821,624
Insurance premiums	2,406,508
Administrative fees	<u>2,993,560</u>
TOTAL OPERATING EXPENSES	<u>72,221,692</u>
NET OPERATING INCOME	3,022,911
<u>NON-OPERATING REVENUES</u>	
Interest income	<u>29,669</u>
TOTAL NON-OPERATING REVENUE	<u>29,669</u>
Change in net assets	3,052,580
Net Assets, at June 30, 2003	<u>(6,809,272)</u>
NET ASSETS, AT JUNE 30, 2004	<u><u>\$ (3,756,692)</u></u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Cash premiums received	\$ 75,316,255
Cash paid in claims and benefits	(68,453,745)
Cash paid for expenses	(2,991,476)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,871,034</u>
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Advances from other funds	(2,371,890)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(2,371,890)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
<u>Interest Income</u>	29,669
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>29,669</u>
NET INCREASE IN CASH	1,528,813
Cash at beginning of year	<u>1,707,907</u>
Cash at end of year	<u>\$ 3,236,720</u>
 <u>Reconciliation of operating income to net cash provided by (used in) operating activities</u>	
Operating Income	\$ 3,022,911
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Changes in:	
Reimbursement receivables	(12,188)
Accounts and claims payable	860,311
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ 3,871,034</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,300,798
Accounts receivable	119,802
Due from other funds	<u>8,000,401</u>
TOTAL ASSETS	<u><u>\$ 12,421,001</u></u>
 <u>LIABILITIES</u>	
Benefits payable	\$ 1,356,733
Salaries payable	5,306,556
Payroll withholdings payable	1,456,914
Amounts held for other groups	<u>4,300,798</u>
TOTAL LIABILITIES	<u><u>\$ 12,421,001</u></u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **GENERAL INFORMATION**

The East Baton Rouge Parish School System (School System) is a corporate body created under Louisiana Revised Statutes 17:51. A board consisting of 12 members (the Board) elected from legally established districts is charged with the management and operation of the school system.

The school system is composed of a central office, 95 schools and several support facilities. Student enrollment as of October 2003 was approximately 44,997. The School System employs approximately 6,000 persons, approximately 3,300 of whom are directly involved in the instructional process. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the latter half of August and is completed in the end of May.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The School System complies with Generally Accepted Accounting Principles (GAAP). The School System's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. **Financial Reporting Entity**

The basic criterion established by the Governmental Accounting Standards Board for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary government unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. The financial statements present the East Baton Rouge Parish School System (the primary government). Based on the aforementioned criteria, there are no component units included in the School's reporting entity.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **Basis of Presentation**

The School System's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are advances between fiduciary funds and the various functions of the School System. The government-wide presentation focuses primarily on the sustainability of the School System as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

All programs of the School System are considered *Governmental Activities* which are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues included in the Statement of Activities are derived from parties outside the School System's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School System's general revenues.

The School System reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

The daily accounts and operations of the School System are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in current assets.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The funds of the School System are classified into three broad categories: Governmental, Proprietary and Fiduciary.

Governmental Fund Types:

The School System reports the following governmental funds as major funds:

General Fund - The General Fund is the primary operating fund of the School System. It is used to account for all financial resources except those required to be accounted for in another fund.

Title I Fund - Title I includes programs in the areas of language development, reading, and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funds for teachers, aides, instructional materials, equipment and parental involvement.

Proposition 1 - Capital Projects Fund - The Proposition 1 fund accounts for the proceeds of a .51 cent sales tax approved as part of a plan to improve school facilities. The intent of the plan tax is to improve infrastructure in an effort to provide a "safe and dry" environment for the students, staff, and public in the school system.

Proposition 2- Discipline Funds - The Proposition 2 fund accounts for the proceeds of a .08 cent sales tax approved as part of a plan to improve discipline in the schools. The intent of the plan is to remove disruptive and academically deficient students from the regular education classroom, reduce truancy and provide more effective alternative education.

Proposition 3- Compensation Fund - The Proposition 3 fund accounts for the proceeds of a .41 cent sales tax approved as part of a plan to improve compensation. The intent of the plan is to improve ability to recruit and retain certified and qualified teachers, assistant principals and principals; to have more productive support employees; and to have the ability to reward performance that meets and/or exceeds standards.

Child Nutrition Fund - The Child Nutrition Fund is used to account for the operations of the school food service program that operates during the regular school term and during the summer break. The basic goals of the school food service program is to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's food habits with the ultimate goal of physically fit adults.

Proprietary Fund Type:

Internal Service Funds - Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Workers' Compensation Fund, the Risk Management Fund and the Medical Insurance Fund are reported as Internal Service Funds on a combined basis.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

Fiduciary Fund Types:

Agency Funds - Agency Funds are used to account for assets held by the School System as an agent for individuals, private organizations or other governmental units and/or other funds. The School System employs two separate Agency funds, one fund accounts for the transactions of the student activity accounts maintained at the schools, and another accounts for voluntary and mandatory payroll withholdings.

C. **Basis of Accounting/Measurement Focus**

Government-Wide Financial Statements (GWFS)

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying sales transactions occur. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary Fund type is accounted for on a flow of economic resources measurement focus (accrual basis). With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Fund type's operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Agency funds have no measurement focus, but follow the accrual basis of accounting.

Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Basis of Accounting/Measurement Focus** (continued)

The following paragraphs describe the revenue recognition practices under the modified accrual basis of accounting:

Revenues

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). *Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.* Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The School System's definition of available means expected to be received within sixty days of the end of the fiscal year.

Non-exchange transactions, in which the School System received value without directly giving value in return, includes sales tax, property tax, grants, entitlements, and donations. Property taxes are considered measurable in the calendar year of the tax levy and are recognized as revenue if collected soon enough to meet the availability criteria. Sales taxes are considered "measurable" when the underlying transaction occurs and are recognized as revenue if collected soon enough to the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Internal Service funds consist solely of those established to account for self-insurance programs. Premium revenues are considered operating revenues while all other revenues are non-operating.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.

D. **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end in the *Governmental Funds Balance Sheet* are reported as reservations of fund balance. These outstanding encumbrances are added to the budget in the subsequent year and are reported as expenditures when incurred.

E. **Cash and Cash Equivalents**

Cash and cash equivalents include interest-bearing demand deposits and short-term investments (usually time certificates of deposit, investments in the Louisiana Asset Management Pool, with a maturity date within three (3) months of the date of acquisition).

State statutes authorize the School System to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. **Cash and Cash Equivalents** (continued)

The School System maintains four checking accounts, exclusive of the individual schools' bank accounts, with the School System's fiscal agent bank. These four accounts are the consolidated cash account and three interest bearing imprest accounts for disbursements of payrolls, disbursements to vendors, and health care providers.

Interest earned on investments is distributed to the individual funds based on the invested balance of the participating fund during the year.

F. **Inventory**

Government-Wide Level

Inventory is stated at average cost and consists of expendable supplies held for consumption. The costs of inventory items are recognized as expenses when used.

Fund Level

Inventory of the general fund is stated at average cost and consists of expendable supplies held for consumption. The costs of inventory items are recognized as expenditures when used. The reportable inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of total assets.

Inventory of the Child Nutrition Special Revenue Fund consists of food purchased by the School System and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at average cost. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are assigned values based on information provided by the USDA, also on average cost basis. The amount of commodity inventory is included in deferred revenue until consumed.

G. **Capital Assets**

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School System maintains threshold levels for capitalizing capital assets as follows:

Movable capital assets with a cost of \$5,000 or more per unit.

All land and land improvements with a cost of \$25,000 or more.

Buildings and building improvements that extend the useful life of a building with a cost of \$25,000 or more.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 20 years for equipment, 10 to 20 years for building and land improvements, and 25 to 50 years for buildings.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

H. **Reserves and Designations**

Portions of fund balances are reserved for future use and, therefore, are not available for appropriation or expenditure. Designations of unreserved fund balances in Governmental Fund types indicate the School System's plans for the use of financial resources in a future period.

I. **Interfund Transactions**

During the course of normal operations, the School System has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying fund financial statements generally reflect such transactions as transfers.

J. **Compensated Absences**

Teachers and other school employees accrue from 10 to 12 days of sick leave per year depending upon the number of months worked. Sick leave may be accumulated without limitation. Upon employees' death or retirement, unused accumulated sick leave of up to 25 days is paid to employees or their heirs at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination (non-retirement). Upon retirement, accumulated sick leave may be used in the retirement benefit computation as earned service. Extended sick leave will be paid at 65% of salary with a maximum of 90 days allowed every six years for teachers and bus drivers. Extended sick leave for all other employees will be paid at 50% of salary with a maximum of 25 days annually.

All 12-month employees earn from 10 to 20 days of annual vacation leave per year depending on length of service with the School System. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. A maximum of 400 hours of unused annual leave is carried over to future periods and may be paid to the employee upon termination of employment.

All amounts reported are salary related, and include no fringe benefits since the amount of said benefits would be immaterial.

Sabbatical leave may be granted for medical/professional. Any employee with a teaching certificate is entitled, subject to approval by the school system, to one (1) semester of sabbatical leave after three (3) years of continuous services, or two (2) semesters of sabbatical leave after six (6) or more years of continuous service. Sabbatical leave will be paid at 65% of salary. Sabbatical leave, which involves professional and cultural improvement, provides a continuing benefit to the employer and should not be accrued. Since sabbatical leave for medical purposes requires a doctor's certificate prior to being granted, it is similar to an extended sick leave benefit and should not be accrued as sabbatical leave benefits. Consequently, sabbatical leave benefits are recorded as current expenditures (in the FFS) in the period paid.

K. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

L. **Non-Operating and Operating Revenues – Proprietary Funds**

Premium revenues, claims expenses and administrative costs customarily associated with self-insurance programs are accounted for as operating revenues and expenses. Interest income is reported as non-operating revenues.

M. **Reclassification**

Certain amounts in the 2003 Statement of Net Assets have been reclassified to conform to the current year's presentation.

3. **DEPOSITS AND INVESTMENTS**

Deposits

At year end, the carrying amount of the School System's deposits was \$66,948,901 and the bank balance was \$74,828,694. Of the bank balance, \$376,505 was insured by federal depository insurance, \$ - - was insured or collateralized by securities held by the School System or by its agent in the name of the School System (GASB Category 1), \$74,452,189 was collateralized by securities held by the pledging financial institutions' trust department or agent in the name of the School System (GASB Category 2), and \$ - - was collateralized by securities held by the financial institutions' or by its trust department or agent, but not in the School System's name (GASB Category 3). Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

Investments

Investments held at June 30, 2004 consist of \$1,022,222 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2004 is not categorized into the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's Investment Guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. **AD VALOREM TAXES**

Ad valorem taxes were levied by the School System on June 25, 2003 for the calendar year 2004, based on the assessed valuation of property as of January 1 of the calendar year. The taxes become due on December 1 of each year, and become delinquent on December 31. However, before the taxes can be collected, the assessment list (tax roll) must be submitted to the Louisiana Tax Commission for approval. From the day the tax roll is filed in the parish Clerk of Court's Office, it shall act as a lien on each specific piece of real estate thereon assessed, which shall be subject to a legal mortgage after the 31st day of December of the current year for the payment of the tax due on it. The taxes are generally collected in December, January, and February of the fiscal year. A list of property on which taxes have not been paid is published in the official journal by the East Baton Rouge Parish Tax Collector Office, which is a division of the East Baton Rouge Parish Sheriff's Department. If taxes are not paid within the period stipulated in the public notice, the property is sold for taxes due at a tax sale, usually held prior to the end of the School System's fiscal year.

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expires</u>
Parishwide taxes:			
Constitutional tax	5.25	5.25	Not applicable
Special maintenance tax	1.04	1.04	2006
Special tax – additional aid to public schools	6.50	6.50	2013
Special tax – additional teachers	2.78	2.78	2014
Special tax – employee salaries and benefits	1.86	1.86	2014
Special tax – employee salaries and benefits	7.14	7.14	2008
Special tax – replacing reduced state and local receipts	4.98	4.98	2007
Special tax – employee salaries and benefits	5.99	5.99	2006
Special tax – employee salaries and benefits	7.19	7.19	2013
Special tax – support ADAPP	.72	.72	2006

Under the Louisiana Constitution, ad valorem taxes other than Constitutional and Bond taxes must be renewed by popular vote every ten (10) years.

All property taxes are recorded in the General and Alcohol and Drug Abuse Funds on the basis explained in Note 2C. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

5. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2004 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,584,448	\$ -	\$ (232,287)	\$ 8,352,161
Construction in progress	<u>56,087,080</u>	<u>17,975,655</u>	<u>(56,087,080)</u>	<u>17,975,655</u>
Total capital assets, not being depreciated	<u>64,671,528</u>	<u>17,975,655</u>	<u>(56,319,367)</u>	<u>26,327,816</u>
Capital assets, being depreciated:				
Buildings and improvements	162,583,550	68,729,428	(15,334,104)	215,978,874
Machinery and equipment	<u>35,791,202</u>	<u>3,014,087</u>	<u>(5,943,977)</u>	<u>32,861,312</u>
Total capital assets, being depreciated	198,374,752	71,743,515	(21,278,081)	248,840,186
Total capital assets	<u>263,046,280</u>	<u>89,719,170</u>	<u>(77,597,448)</u>	<u>275,168,002</u>
Less accumulated depreciation for:				
Buildings and improvements	(76,468,762)	(6,342,771)	8,366,978	(74,444,555)
Machinery and equipment	<u>(28,457,486)</u>	<u>(2,109,153)</u>	<u>5,615,911</u>	<u>(24,950,728)</u>
Total accumulated depreciation	<u>(104,926,248)</u>	<u>(8,451,924)</u>	<u>13,982,889</u>	<u>(99,395,283)</u>
Total capital assets, being depreciated, net	<u>93,448,504</u>	<u>63,291,591</u>	<u>(7,295,192)</u>	<u>149,444,903</u>
Governmental activities capital assets, net	<u>\$ 158,120,032</u>	<u>\$ 81,267,246</u>	<u>\$ (63,614,559)</u>	<u>\$ 175,772,719</u>

Net depreciation expense for the year ended June 30, 2004 was charged to the following governmental functions:

Instruction:

Regular education programs	\$ 6,356,822
Special education programs	42,409
Other educational programs	133,528

Support:

Instructional staff services	176,220
General administration services	0
Business and central services	100,068
Plant operations and maintenance	13,229
Transportation	1,388,533
Child nutrition	<u>241,116</u>
	<u>\$ 8,451,924</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS

Plan Description - Substantially all School System employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled at the State level by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. Five years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing or calling:

Teachers Retirement System - 8401 United Plaza Blvd.
P. O. Box 94123, Baton Rouge, Louisiana 70804-9123
(225) 925-6446

School Employees' Retirement System - 8660 United Plaza Blvd.
Baton Rouge, LA 70804
(225) 925-6484

Funding Policy - Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2004, for the School System and covered employees were as follows:

	<u>School System</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	13.8%	8.00%
Plan A	13.8%	9.10%
School Employees' Retirement System	8.5%	7.50%

As provided by Louisiana Revised Statute 11:103, the School System's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The contributions made to the systems for the past three fiscal years, which substantially equaled the required contributions for each of these years, were as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Teachers' Retirement System:			
Regular Plan	\$ 23,515,653	\$ 24,167,584	\$ 23,143,115
Plan A	367,212	370,361	405,265
School Employees' Retirement System	1,594,568	-	-

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS

The School System provides certain post-employment health care and life insurance benefits to its retired employees. Substantially all of the School System's employees may become eligible for such benefits upon reaching retirement age. Retirees contribute 11% and 18% of the retiree only coverage for the basic core and premium buy-up plans, respectively, and one-half of the cost of dependent coverage. The cost of retirement health care is recognized as an expenditure as premiums are paid. For fiscal year 2004, the School System's cost for providing all health care and life insurance benefits to the 4,818 retired employees and their dependents amounted to \$27,273,645.

The School System has a continuing future obligation for life insurance and health care benefits for retired teachers and noninstructional employees and their dependents. This future liability is not funded but will be payable by the General Fund out of future years' operations. Although actuarial consultants estimated that this future liability is significant, current generally accepted accounting principles as set forth by the Governmental Accounting Standards Board do not require the recording of this liability in the basic financial statements.

8. LONG-TERM OBLIGATIONS

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2004:

	<u>Compensated Absences</u>	<u>Notes Payable</u>	<u>Capital Lease</u>	<u>Total</u>
Balance at July 1, 2003	\$ 17,040,292	\$ 2,045,455	\$ 1,295,000	\$ 20,380,747
Additions	6,417,155	-	-	6,417,155
Deductions	(8,793,327)	(163,636)	(637,196)	(9,594,159)
Balance at June 30, 2004	<u>\$ 14,664,120</u>	<u>\$ 1,881,819</u>	<u>\$ 657,804</u>	<u>\$ 17,203,743</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	<u>Compensated Absences</u>	<u>Notes Payable</u>	<u>Capital Lease</u>	<u>Total</u>
Current	\$ 2,909,066	\$ 163,637	\$ 657,804	\$ 3,730,507
Long-Term	<u>11,755,054</u>	<u>1,718,182</u>	-	<u>13,473,236</u>
Total	<u>\$ 14,664,120</u>	<u>\$ 1,881,819</u>	<u>\$ 657,804</u>	<u>\$ 17,203,743</u>

The majority of the compensated absence liability is liquidated through the General Fund, Title I, Child Nutrition and Proposition 3 funds, as these funds expend a majority of the payroll.

For the purpose of renovations, the School System issued \$2,250,000 of interest free notes payable through the federally sponsored Qualified Zone Academy Bond Program during the year ended June 30, 2002. Principal payments in the amount of \$40,909 are scheduled quarterly over a 15 year period ending November 1, 2016.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

8. **LONG-TERM DEBT** (continued)

The payments due under the terms of the notes payable as of June 30th are scheduled to occur as follows:

	<u>Payment Amount</u>
2005	\$ 163,637
2006	163,636
2007	163,636
2008	163,636
2009	163,636
2010-2014	818,182
2015-2016	<u>245,456</u>
	<u>\$ 1,881,819</u>

The School System approved the purchase of instructional software at a cost of \$2,549,849 through a capital lease agreement bearing interest at 3.234%. Principal and interest payments in the amount of \$679,080 are scheduled annually over a 4 year period ending June 30, 2005.

Obligations under capital leases at June 30, 2004, become due as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2005	\$ 679,080
Less: Amount representing interest costs	<u>(21,276)</u>
Present value of minimum lease payments	<u>\$ 657,804</u>

In accordance with LSA-R.S. 39:562(L), the School System is legally restricted from incurring long-term bonded debt in excess of 25 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2004, the statutory limit is \$667,318,499.

9. **SHORT-TERM DEBT**

The School System issues revenue anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. These notes are necessary because the School System's Ad Valorem tax collections are received primarily in December-March. The notes were issued in October, 2003, at interest rate of 2.19% and were repaid in March, 2004.

Short-term debt activity for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Revenue anticipation notes	\$ -0-	\$ 5,000,000	(\$ 5,000,000)	\$ -0-

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

10. DUE TO/FROM OTHER FUNDS

The School System's consolidated cash account holds the cash of all funds. As a result, negative cash balances occur in certain funds and are in essence "financed" by the general fund. Positive book cash balances are displayed on the governmental funds balance sheet as "Due from other funds", while negative cash balances are included in "Due to other Funds" on the governmental funds balance sheet.

Individual balances due to/from other funds at June 30, 2004, which represent short-term loans, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds:		
General Fund	\$ -	\$ (12,998,037)
Title I Fund	-	(3,535,961)
Proposition 1 Capitol Projects Fund	172,260	-
Proposition 2 Discipline Fund	-	(237,459)
Proposition 3 Compensation Fund	787,000	-
Child Nutrition Fund	<u>1,264,512</u>	<u>-</u>
Subtotal - Major Governmental Funds	2,223,772	(16,771,457)
Non-Major Governmental Funds:		
Title IV	-	(58,021)
Title II	-	(649,770)
Title V	-	(170,233)
Special Education	-	(1,149,318)
Gear-Up Baton Rouge	-	(130,991)
Alcohol and Drug Abuse	575,407	-
Career and Technical Education	-	(739,043)
Continuing Education	-	(198,147)
Temporary Assistance for Needy Families	417,224	-
Local Foundations	300,215	-
Direct Federal Programs	-	(31,380)
Summer School	380,104	-
WBRH Radio Station Training Program	131,467	-
Serve! Baton Rouge	-	(19,802)
State Grants	-	(1,232,789)
Workforce Investment Act	-	(24,966)
Technology Literacy Challenge (Title III)	<u>-</u>	<u>(91,156)</u>
Subtotal - Non-Major Governmental Funds	1,804,417	(4,495,616)
Fiduciary Fund Types:		
Consolidated Payroll	8,000,401	-
Proprietary Fund Types:		
Workmen's Compensation Fund	1,169,369	-
Risk Management	2,992,853	-
Group Health Insurance	<u>5,076,261</u>	<u>-</u>
TOTAL	<u>\$ 21,267,073</u>	<u>\$ (21,267,073)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

11. LITIGATION AND CONTINGENCIES

The School System is a defendant in several workers' compensation, personal injury and certain personnel action lawsuits. Management and legal counsel for the School System believe that the potential claims against the School System, not covered by insurance, would not materially affect the System's financial position.

Settlement Agreement

On August 14, 2003, U.S. District Judge James Brady signed the order ending the 47-year old School System desegregation case. The parties in the case were the School Board, the Baton Rouge branch of the National Association for the Advancement of Colored People (NAACP), the original plaintiffs, and the U.S. Justice Department. The Judge dismissed all objections at the fairness hearing and approved the final Settlement Agreement signed by the parties in the case. The settlement ends the case, but commits the School Board to continue several desegregation tools for four years. During the year ended June 30, 2004, the School Board expended the following amounts in complying with the Settlement Agreement:

Time Out Room Moderators	\$ 618,472
Textbooks	4,636
Materials of Instruction/Staff Development	2,575
Library Books	109,012
Instructional Equity Account	780,699
Racially Identifiable Black Schools (Y-Factor)	4,562,800
Facility Enhancements	540,710
New Magnet Programs	3,788,061
Middle School Reform	144
Special Education Assistance	352
Facility Remediation	<u>269,544</u>
	<u>\$ 10,677,005</u>

The School System may be liable for certain legal fees and costs related to the prosecution of the litigation by attorneys for the plaintiffs in this case. Provision has been made in the financial statements for this potential liability.

Federal Grants

In the normal course of operations, the School System receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

11. **LITIGATION AND CONTINGENCIES** (continued)

Secession of Districts

Effective July 1, 2003, two geographical areas formerly governed by the School System formed their own separate corporate bodies and operate as independent school districts. These geographical areas encompass nine schools that enroll approximately 5,400 students.

The School System and the two school districts entered into intergovernmental agreements to transfer ownership in specific assets within the geographical areas of the two school districts. Capital assets with a total cost of approximately \$16,300,000 were transferred from the School System to the school districts.

Additionally, the newly formed school districts were required to remit to the School System one-half of the ad valorem taxes levied and collected for their geographical area for the calendar year of 2003, which totaled approximately \$1,600,000.

12. **COMMITMENTS**

At June 30, 2004, the School System had construction commitments of approximately \$17.1 million. The majority of these commitments will ultimately be paid out of the Proposition 1 Capital Projects Fund.

In March 2004, the school board privatized its maintenance and janitorial functions. The school system entered into a management services agreement with a privately owned company to assume maintenance services for the School System's facilities. The management services agreement includes a financial commitment from the company of \$5,000,000, which is to be used by the school board to cover the certain maintenance costs. This commitment amount has been received by the School System and is being amortized on a straight-line basis over a period of ten years. Upon termination of the management services agreement by either party, for any reason, the school system must reimburse the company for the unamortized portion of the financial commitment. As of June 30, 2004, the unamortized portion of the financial commitment was approximately \$4.8 million and is recorded as deferred revenue in the School System's financial statements.

13. **INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2004, were as follows:

	<u>Transfers From:</u>					
<u>Transfers To:</u>	<u>General Fund</u>	<u>Title I Fund</u>	<u>Child Nutrition Fund</u>	<u>Proposition 3 Compensation Fund</u>	<u>Non-major Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 903,181	\$ 76,500	\$ 5,462,795	\$ 1,180,547	\$ 7,623,023
Proposition 1 Capital Projects Fund	4,200,000	-	-	17,727	-	4,217,727
Proposition 2 Discipline Fund	-	-	-	103,134	-	103,134
Non-major Governmental	<u>1,864,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,864,586</u>
Total	<u>\$ 6,064,586</u>	<u>\$ 903,181</u>	<u>\$ 76,500</u>	<u>\$ 5,583,656</u>	<u>\$ 1,180,547</u>	<u>\$ 13,808,470</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

13. **INTERFUND TRANSFERS** (continued)

Transfers between funds generally consist of two types: 1) Transfers to the general fund from the special revenue funds for indirect cost reimbursements; 2) Transfers from the general fund to other programs to provide supplemental local funds for program operations.

14. **SUBSEQUENT EVENTS**

In October, 2004, the School Board borrowed \$5,000,000 from the Louisiana Public Facility Authority. Due to the cyclical nature of ad valorem tax revenues, this amount was borrowed to provide short-term financing of operating requirements. The loan bears interest at an annual rate of 1.89%. These borrowings are due to be repaid in entirety of principal plus interest in March, 2005.

15. **RISK MANAGEMENT**

The School System is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers' compensation and health insurance for its employees. The School System has established the following internal service funds to account for and finance these uninsured risks of loss:

a. **Workers' Compensation Fund**

The Workers' Compensation Fund accounts for the School System's workers' compensation claims. The workers' compensation limit for each accident is the statutory amount. The School System's self-insured retention is \$300,000 per accident.

b. **Risk Management Fund**

The Risk Management Fund accounts for the School System's property, general liability and automobile liability. The School System has self-insured retention of \$250,000 per property occurrence and self-insured retention of \$500,000 per general liability and automobile occurrence. The maximum cumulative amount of self-retention which could be paid by the School System in any one year is \$3,500,000. The School System has purchased commercial insurance for claims in excess of the self-insured retention levels from commercial insurance carriers with a \$1,000,000 per occurrence limit.

c. **Medical Insurance Fund**

The Medical Insurance Fund accounts for the School System's group health insurance program for its active and retired employees. A maximum lifetime benefit of \$2,000,000 per employee is allowed.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

15. **RISK MANAGEMENT** (continued)

A reconciliation of the unpaid claims liability as of June 30 follows:

	<u>2004</u>			
	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u>
Unpaid claims as of July 1, 2003	\$ 2,397,980	\$ 3,278,022	\$ 10,015,181	\$ 15,691,183
Current year claims incurred and changes in estimates	1,938,501	1,132,994	66,156,637	69,228,132
Claims paid	(1,731,612)	(1,065,443)	(65,656,690)	(68,453,745)
Unpaid claims as of June 30, 2004	<u>\$ 2,604,869</u>	<u>\$ 3,345,573</u>	<u>\$ 10,515,128</u>	<u>\$ 16,465,570</u>

	<u>2003</u>			
	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u>
Unpaid claims as of July 1, 2002	\$ 2,508,027	\$ 2,130,471	\$ 11,005,679	\$ 15,644,177
Current year claims incurred and changes in estimates	1,478,126	2,487,902	61,929,194	65,895,222
Claims paid	(1,588,173)	(1,340,351)	(62,919,692)	(65,848,216)
Unpaid claims as of June 30, 2003	<u>\$ 2,397,980</u>	<u>\$ 3,278,022</u>	<u>\$ 10,015,181</u>	<u>\$ 15,691,183</u>

The above unpaid claims as of June 30 include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

16. **DEFICIT FUND EQUITY**

The Medical Insurance Fund's deficit balance as of June 30, 2004 in net assets is \$5,098,077. Plans to bring the fund out of a deficit position include cost-cutting through benefits restructuring, as well as increasing premiums, have been implemented.

The Risk Management Fund's deficit balance as of June 30, 2004 in net assets is \$438,188, resulting from larger than expected claims liabilities.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

17. **RESTRICTED NET ASSETS**

Restricted net assets consist primarily of amounts authorized by the electorate for capital improvements, compensation, and school discipline initiatives.

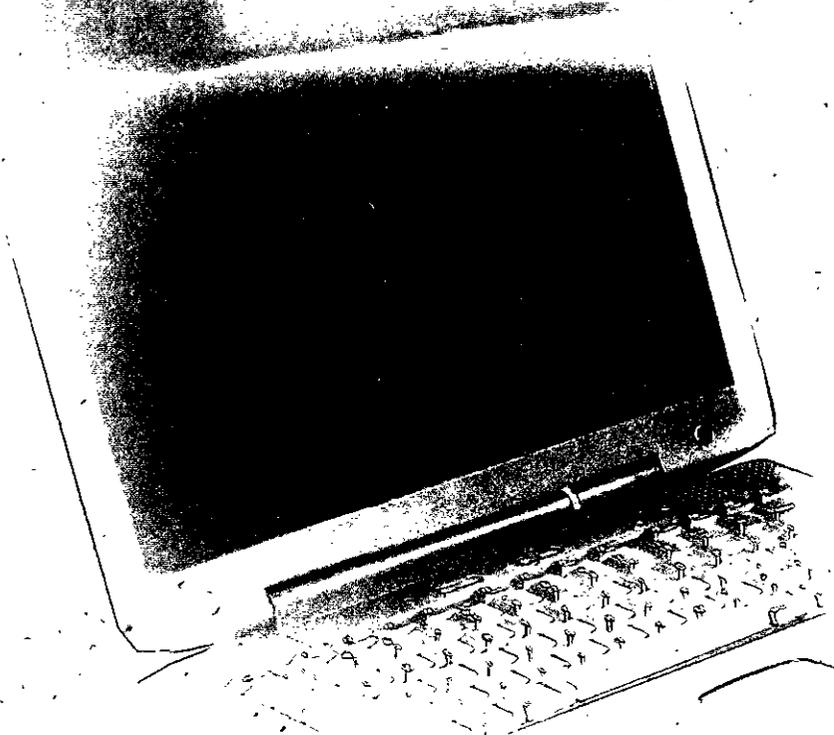
18. **EDUCATION EXCELLENCE FUND**

Pursuant to Act #161 of the 2002 First Extraordinary Session of the Legislature, the State of Louisiana established the Education Excellence Fund (EEF) for the oversight, appropriation, and disposition of proceeds from the tobacco settlements. These funds are dedicated for use in educational programs, and are available to local school districts, subject to the approval of an expenditure plan by the Louisiana Department of Education. The funds are held and invested by the Treasurer of the State of Louisiana on behalf of local school districts and are disbursed in accordance with approved expenditure plans. At June 30, 2004, the School System's EEF funds invested through the Treasurer totaled approximately \$4.3 million. These funds will be recognized as revenue to the School Board upon submission and subsequent approval of an expenditure plan. The School System has received funds totaling approximately \$695,000 for use in the 2004-2005 fiscal year and, accordingly, has recorded those funds as deferred revenue in the financial statements.





Comprehensive Annual Financial Report



*Required
Supplemental
Information*

Part II

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULES
MAJOR FUND DESCRIPTIONS

Budgetary comparison schedules are reported for the following general and special revenue funds:

GENERAL FUND

The *General Fund* accounts for all financial transactions except those required to be accounted for in another fund.

TITLE I FUND

Title I includes programs in the areas of language development, reading, and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funds for teachers, aides, instructional materials, equipment and parental involvement.

PROPOSITION 2 - DISCIPLINE FUND

Proposition 2 is a locally funded initiative to improve discipline. The intent is to remove disruptive and academically deficient students from the regular education classroom, reduce truancy and provide more effective alternative education.

PROPOSITION 3 - COMPENSATION FUND

Proposition 3 is a locally funded initiative to improve compensation. The intent is to improve ability to recruit and retain certified and qualified teachers, assistant principals and principals; to have more productive support employees; and to have the ability to reward performance that meets and/or exceeds standards.

CHILD NUTRITION FUND

The *Child Nutrition Fund* is used to account for the operations of the school food service program in the parish school system during the regular school term and during the summer break. The basic goals of the school food service program are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's eating habits with the ultimate goal of physically fit adults.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 82,115,000	\$ 84,550,000	\$ 87,160,235	\$ 2,610,235
Sales and use taxes	63,883,000	64,500,000	65,714,166	1,214,166
Earnings on investments	700,000	500,000	530,152	30,152
Extended Day Program tuition	381,000	375,000	501,648	126,648
Other	1,987,500	2,490,010	3,078,458	588,448
State sources:				
Unrestricted grants-in-aid, MFP	111,244,752	115,362,955	115,362,955	-
Revenue sharing	3,820,000	3,780,000	3,759,550	(20,450)
Restricted grants-in-aid	3,040,000	3,511,335	3,229,004	(282,331)
Federal grants	500,000	500,000	496,949	(3,051)
TOTAL REVENUES	<u>267,671,252</u>	<u>275,569,300</u>	<u>279,833,117</u>	<u>4,263,817</u>
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	88,917,890	93,316,382	93,200,605	115,777
Special education programs	45,584,300	46,441,805	47,046,000	(604,195)
Other education programs	12,550,180	11,901,415	11,551,497	349,918
Support:				
Pupil support services	14,962,663	14,428,125	14,609,799	(181,674)
Instructional staff services	7,420,882	7,522,380	7,501,320	21,060
General administration services	9,091,358	8,926,955	8,809,819	117,136
School administration services	15,628,210	16,396,500	16,332,959	63,541
Business and central services	8,888,771	9,340,774	8,378,445	962,329
Plant operations and maintenance	38,265,895	40,977,884	39,573,985	1,403,899
Transportation	20,312,935	22,611,685	22,348,275	263,410
Appropriations-Charter schools	2,395,000	2,476,000	2,430,212	45,788
Settlement Agreement	12,396,000	10,794,215	10,677,005	117,210
Facility acquisition and construction	-	-	-	-
Debt service	342,716	342,715	342,716	(1)
TOTAL EXPENDITURES	<u>276,756,800</u>	<u>285,476,835</u>	<u>282,802,637</u>	<u>2,674,198</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,085,548)</u>	<u>(9,907,535)</u>	<u>(2,969,520)</u>	<u>6,938,015</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,036,925	7,185,025	7,623,023	437,998
Transfers out	<u>(2,875,000)</u>	<u>(6,095,000)</u>	<u>(6,064,586)</u>	<u>30,414</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(838,075)</u>	<u>1,090,025</u>	<u>1,558,437</u>	<u>468,412</u>
NET CHANGE IN FUND BALANCE	<u>(9,923,623)</u>	<u>(8,817,510)</u>	<u>(1,411,083)</u>	<u>7,406,427</u>
Fund balance, June 30, 2003	<u>29,863,237</u>	<u>29,863,237</u>	<u>29,863,237</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 19,939,614</u>	<u>\$ 21,045,727</u>	<u>\$ 28,452,154</u>	<u>\$ 7,406,427</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

TITLE I FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Federal grants	\$ 16,751,377	\$ 16,751,377	\$ 14,679,805	\$ (2,071,572)
TOTAL REVENUES	<u>16,751,377</u>	<u>16,751,377</u>	<u>14,679,805</u>	<u>(2,071,572)</u>
<u>EXPENDITURES</u>				
Instruction:				
Other education programs	12,519,544	12,519,544	10,943,990	1,575,554
Support:				
Pupil support services	280,172	280,172	242,566	37,606
Instructional staff services	1,851,243	1,851,243	1,599,565	251,678
General administrative services	9,757	9,757	8,195	1,562
Business and central services	385,680	385,680	327,880	57,800
Plant operations and maintenance	79,397	79,397	69,644	9,753
Transportation	93,132	93,132	84,784	8,348
Debt Service	500,000	500,000	500,000	-
TOTAL EXPENDITURES	<u>15,718,925</u>	<u>15,718,925</u>	<u>13,776,624</u>	<u>1,942,301</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,032,452</u>	<u>1,032,452</u>	<u>903,181</u>	<u>(129,271)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers out	<u>(1,032,452)</u>	<u>(1,032,452)</u>	<u>(903,181)</u>	<u>129,271</u>
TOTAL OTHER FINANCING SOURCES	<u>(1,032,452)</u>	<u>(1,032,452)</u>	<u>(903,181)</u>	<u>129,271</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPOSITION 2 - DISCIPLINE FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Local sources:				
Sales and use taxes	\$ 4,595,000	\$ 4,575,000	\$ 4,616,436	\$ 41,436
Earnings on investments	49,000	40,000	43,979	3,979
TOTAL REVENUES	4,644,000	4,615,000	4,660,415	45,415
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs	2,978,900	3,198,870	3,259,616	(60,746)
Special education programs	58,435	51,265	49,997	1,268
Other education programs				-
Support:				
Pupil support services	922,405	924,420	950,996	(26,576)
Instructional staff services	123,145	131,195	129,832	1,363
General administration services	44,800	44,240	47,315	(3,075)
School administration services	146,680	149,280	151,786	(2,506)
Plant operations and maintenance	273,230	276,280	269,297	6,983
Transportation	30,000	20,900	20,900	-
TOTAL EXPENDITURES	4,577,595	4,796,450	4,879,739	(83,289)
EXCESS OF REVENUES OVER EXPENDITURES	66,405	(181,450)	(219,324)	(37,874)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	103,134	103,134	-
TOTAL OTHER FINANCING SOURCES (USES)	-	103,134	103,134	-
NET CHANGE IN FUND BALANCE	66,405	(78,316)	(116,190)	(37,874)
Fund balance, June 30, 2003	3,943,407	3,943,407	3,943,407	-
FUND BALANCE, JUNE 30, 2004	\$ 4,009,812	\$ 3,865,091	\$ 3,827,217	\$ (37,874)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPOSITION 3 - COMPENSATION FUND

BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Sales and use taxes	\$ 23,743,000	\$ 23,535,000	\$ 23,677,165	\$ 142,165
Earnings on investments	-	-	134,185	134,185
TOTAL REVENUES	<u>23,743,000</u>	<u>23,535,000</u>	<u>23,811,350</u>	<u>276,350</u>
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs	10,071,000	10,094,025	10,002,082	91,943
Special education programs	4,330,800	4,302,775	4,271,522	31,253
Other education programs	826,300	813,150	805,379	7,771
Support:				
Pupil support services	1,663,900	1,641,990	1,652,376	(10,386)
Instructional staff services	834,190	835,220	812,667	22,553
General administration services	251,510	245,105	261,137	(16,032)
School administration services	1,015,340	1,034,405	1,034,940	(535)
Business and central services	389,355	419,760	396,753	23,007
Plant operations and maintenance	1,170,050	933,430	943,117	(9,687)
Transportation	890,190	888,365	879,115	9,250
TOTAL EXPENDITURES	<u>21,442,635</u>	<u>21,208,225</u>	<u>21,059,088</u>	<u>149,137</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,300,365</u>	<u>2,326,775</u>	<u>2,752,262</u>	<u>425,487</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(3,000,000)</u>	<u>(5,583,656)</u>	<u>(5,583,656)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,000,000)</u>	<u>(5,583,656)</u>	<u>(5,583,656)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(699,635)</u>	<u>(3,256,881)</u>	<u>(2,831,394)</u>	<u>425,487</u>
Fund balance, June 30, 2003	<u>16,976,139</u>	<u>16,976,139</u>	<u>16,976,139</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 16,276,504</u>	<u>\$ 13,719,258</u>	<u>\$ 14,144,745</u>	<u>\$ 425,487</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
CHILD NUTRITION FUND
BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Earnings on investments	\$ 3,000	\$ 3,000	\$ 1,092	\$ (1,908)
Other	3,627,780	3,627,780	3,951,872	324,092
State sources:				
Unrestricted grants-in-aid, MFP	3,132,860	3,132,860	3,410,000	277,140
Restricted grants-in-aid	-	-	-	-
Federal grants	15,750,790	15,750,790	17,095,564	1,344,774
TOTAL REVENUES	<u>22,514,430</u>	<u>22,514,430</u>	<u>24,458,528</u>	<u>1,944,098</u>
<u>EXPENDITURES</u>				
Salaries and wages	9,187,353	9,187,353	9,429,809	(242,456)
Employee benefits	4,463,130	4,463,130	5,402,037	(938,907)
Utilities	1,014,000	1,014,000	1,102,080	(88,080)
Professional fees	108,000	108,000	110,908	(2,908)
Food purchases	6,800,000	6,800,000	7,330,582	(530,582)
Equipment	450,000	450,000	275,248	174,752
Repairs and maintenance	200,000	200,000	5,688	194,312
Materials and supplies	682,000	682,000	839,012	(157,012)
Other	275,000	275,000	344,239	(69,239)
Appropriations-Construction	-	-	249,758	(249,758)
Appropriations-Charter schools	197,500	197,500	220,734	(23,234)
TOTAL EXPENDITURES	<u>23,376,983</u>	<u>23,376,983</u>	<u>25,310,095</u>	<u>(1,933,112)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(862,553)</u>	<u>(862,553)</u>	<u>(851,567)</u>	<u>10,986</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(76,500)	(76,500)	(76,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,500)</u>	<u>(76,500)</u>	<u>(76,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(939,053)	(939,053)	(928,067)	10,986
Fund balance, June 30, 2003	2,234,086	2,234,086	2,234,086	-
FUND BALANCE, JUNE 30, 2004	<u>\$ 1,295,033</u>	<u>\$ 1,295,033</u>	<u>\$ 1,306,019</u>	<u>\$ 10,986</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

1. BUDGET AND BUDGETARY ACCOUNTING

The School System follows these procedures in establishing the budgetary data reflected in the financial statements:

The General Fund and the Special Revenue Funds are the only funds with legally required budgets. The General Fund budget and the Special Revenue Funds' budgets are adopted on an annual basis. These budgets include proposed expenditures and the means of financing them.

The Capital Projects fund's budget is adopted on a project basis, since such projects may be started and completed at any time during the year or may extend beyond one fiscal year.

Prior to September 15, the Superintendent submits to the Executive Committee a proposed annual appropriated budget for the General Fund for the fiscal year commencing the prior July 1. Public hearings are conducted to obtain taxpayer comments. Upon submission to the Board, the General Fund budget is legally enacted through adoption by the Board. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. For the Capital Projects Fund, the level of budget control is at the fund, department or project level, and expenditures/encumbrances by policy should not exceed appropriations. The School System approves budgets at the fund level and the Superintendent is authorized to transfer amounts between line items within any fund.

Budgets are prepared on the modified accrual basis of accounting. Unencumbered appropriations in the General Fund lapse at the end of the fiscal year. Encumbered appropriations at year end that have been approved by the Board are generally expended during the next fiscal year's operations, assuming that the underlying liability is ultimately incurred. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the School System to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 15 by the Board. Grant funds are included in Special Revenue Funds, and their budgets are adopted at the time the grant applications are approved by the grantor. Unencumbered appropriations of grant-oriented Special Revenue Funds are reappropriated at the beginning of the following fiscal year. Unencumbered appropriations of certain nongrant-oriented Special Revenue Funds lapse at the end of the fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS – INDIVIDUAL FUNDS

As reported in the budgetary comparison schedules that are presented as required supplemental information for the year ended June 30, 2004, the actual expenditures in the following funds exceeded budgeted appropriations:

Proposition 2 – Discipline Fund	\$ 83,289
Child Nutrition Fund	\$ 1,933,112

Despite the fact that expenditures exceeded appropriations, Proposition 2 – Discipline Fund maintained a \$3,827,217 fund balance as of June 30, 2004 and Child Nutrition Fund maintained a \$1,306,019 fund balance as of June 30, 2004, which are considered adequate to absorb the over appropriations.



Supplemental
Information

Comprehensive Annual Financial Report

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
<u>REVENUES</u>				
Local Sources:				
Ad valorem taxes				
Constitutional tax	\$ 9,860,000	\$ 10,145,000	\$ 10,437,123	\$ 292,123
Renewable taxes	70,420,000	72,345,000	74,588,458	2,243,458
1% Collections	1,835,000	2,060,000	2,134,654	74,654
Sales and use taxes	63,883,000	64,500,000	65,714,166	1,214,166
Earnings on investments	700,000	500,000	530,152	30,152
Transportation fees	155,000	155,000	111,229	(43,771)
Tuition-extended day program	381,000	375,000	501,648	126,648
Other	1,832,500	2,335,010	2,967,229	632,219
TOTAL LOCAL SOURCES	149,066,500	152,415,010	156,984,659	4,569,649
State sources:				
Unrestricted grants-in aid				
State equalization	111,244,752	115,362,955	115,362,955	-
Restricted grants-in-aid				
Pips salary increment	1,790,000	1,690,000	1,503,893	(186,107)
Non public transportation	1,000,000	1,571,335	1,571,336	1
Other	250,000	250,000	153,775	(96,225)
Revenue in lieu of taxes				
Revenue sharing	3,820,000	3,780,000	3,759,550	(20,450)
TOTAL STATE SOURCES	118,104,752	122,654,290	122,351,509	(302,781)
Federal sources:				
ROTC	500,000	500,000	496,949	(3,051)
Other	-	-	-	-
TOTAL FEDERAL SOURCES	500,000	500,000	496,949	(3,051)
TOTAL REVENUES	267,671,252	275,569,300	279,833,117	4,263,817

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs				
Salaries	\$ 62,043,100	\$ 65,936,700	\$ 64,117,688	\$ 1,819,012
Sabbatical	600,000	400,000	402,994	(2,994)
Employee benefits	24,935,890	25,490,890	27,724,301	(2,233,411)
Purchased services	40,200	25,200	-	25,200
Materials and supplies	1,219,500	1,322,392	833,117	489,275
Equipment	51,000	101,000	100,508	492
Other	28,200	40,200	21,997	18,203
TOTAL REGULAR EDUCATION PROGRAMS	88,917,890	93,316,382	93,200,605	115,777
Special education programs				
Salaries	31,359,000	32,446,000	31,816,735	629,265
Sabbatical	261,000	150,000	148,277	1,723
Employee benefits	13,807,000	13,717,000	14,974,367	(1,257,367)
Purchased services	63,800	34,135	45,171	(11,036)
Materials and supplies	54,500	53,170	35,205	17,965
Equipment	22,000	22,000	20,896	1,104
Other	17,000	19,500	5,349	14,151
TOTAL SPECIAL EDUCATION PROGRAMS	45,584,300	46,441,805	47,046,000	(604,195)
Other education programs				
Salaries	8,896,800	8,412,300	8,043,793	368,507
Sabbatical	30,000	90,000	89,160	840
Employee benefits	2,907,680	2,572,800	2,690,629	(117,829)
Purchased services	20,700	18,610	15,064	3,546
Materials and supplies	343,500	387,230	351,393	35,837
Equipment	168,000	196,465	168,657	27,808
Other	183,500	224,010	192,801	31,209
TOTAL OTHER EDUCATION PROGRAMS	12,550,180	11,901,415	11,551,497	349,918

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Support:				
Pupil support services				
Child welfare and attendance services				
Salaries	\$ 336,220	\$ 371,750	\$ 370,915	\$ 835
Employee benefits	3,808,835	3,552,140	3,762,014	(209,874)
Materials and supplies	6,515	11,490	10,173	1,317
Other	7,375	7,625	8,820	(1,195)
Guidance services				
Salaries	5,879,415	6,130,865	6,094,155	36,710
Sabbatical	58,000	65,600	67,232	(1,632)
Materials and supplies	1,500	1,500	231	1,269
Equipment	1,000	1,000	-	1,000
Other	1,500	1,500	1,058	442
Health services				
Salaries	706,545	600,000	582,176	17,824
Purchased services	3,500	35,000	73,503	(38,503)
Materials and supplies	10,000	7,000	7,140	(140)
Equipment	5,000	1,000	873	127
Other	13,000	11,500	7,534	3,966
Pupil assessment and appraisal services				
Salaries	2,906,469	2,393,000	2,439,462	(46,462)
Sabbatical	2,000	2,000	-	2,000
Purchased services	9,000	10,000	11,580	(1,580)
Materials and supplies	12,000	12,000	7,750	4,250
Other	17,500	15,000	14,163	837
Other pupil support services				
Salaries	1,163,089	1,181,725	1,135,490	46,235
Materials and supplies	6,000	6,030	6,218	(188)
Equipment	2,200	2,400	2,283	117
Purchased services	2,500	4,200	3,578	622
Other	3,500	3,800	3,451	349
TOTAL PUPIL SUPPORT SERVICES	<u>14,962,663</u>	<u>14,428,125</u>	<u>14,609,799</u>	<u>(181,674)</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Instructional staff services				
Salaries - directors and supervisors	\$ 875,515	\$ 976,625	\$ 970,489	\$ 6,136
Salaries - secretarial	339,344	342,090	330,390	11,700
Sabbatical	-	37,100	33,910	3,190
Employee benefits	1,706,975	1,733,705	1,896,134	(162,429)
Purchased services	86,800	86,800	39,473	47,327
Materials and supplies	155,000	155,390	82,611	72,779
Other	5,000	7,000	8,869	(1,869)
Materials and supplies - training services	35,000	35,580	2,836	32,744
School library services				
Salaries	3,477,078	3,603,890	3,610,633	(6,743)
Materials and supplies	100,000	58,000	58,262	(262)
Equipment	2,500	2,500	-	2,500
Other	500	500	1,639	(1,139)
Books and periodicals	100,000	198,100	197,746	354
Other educational media services				
Salaries	137,170	135,100	155,902	(20,802)
Purchased services	150,000	150,000	112,426	37,574
Equipment	250,000	-	-	-
TOTAL INSTRUCTIONAL STAFF SERVICES	7,420,882	7,522,380	7,501,320	21,060

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Administration - General				
Board of Education				
Salaries - Board members	\$ 132,000	\$ 132,000	\$ 119,500	\$ 12,500
Salaries - secretarial	29,245	29,595	29,592	3
Employee benefits	155,050	214,100	224,856	(10,756)
Legal services				
Salaries	106,000	125,655	125,651	4
Contracts	2,250,000	1,500,000	1,493,341	6,659
Materials and supplies	15,000	15,000	15,428	(428)
Equipment	1,000	1,000	-	1,000
Other	255,500	312,500	172,886	139,614
Audit services	42,000	35,715	35,714	1
Insurance	2,824,000	2,973,515	3,066,971	(93,456)
Tax assessment and collection services				
Property taxes				
Sheriff's fees	25,000	20,000	10,260	9,740
Pension fund	2,371,500	2,500,000	2,416,485	83,515
Sales and use tax	575,000	650,000	671,330	(21,330)
Office of the superintendent				
Salaries	179,795	196,165	207,404	(11,239)
Materials and supplies	19,000	19,000	16,182	2,818
Equipment	1,000	1,000	-	1,000
Other	6,250	7,500	7,872	(372)
Other executive administrative services				
Salaries	104,018	194,210	196,347	(2,137)
TOTAL GENERAL ADMINISTRATION	9,091,358	8,926,955	8,809,819	117,136
Administration-School				
Salaries	11,522,710	12,046,000	11,763,472	282,528
Sabbatical	35,000	25,000	23,776	1,224
Employee benefits	4,018,000	4,273,000	4,539,014	(266,014)
Materials and supplies	50,000	50,000	3,251	46,749
Other	2,500	2,500	3,446	(946)
TOTAL SCHOOL ADMINISTRATION	15,628,210	16,396,500	16,332,959	63,541

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DETAILED BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Business and Central Services				
Fiscal services				
Salaries	\$ 1,333,449	\$ 1,314,115	\$ 1,311,979	\$ 2,136
Employee benefits	874,880	825,995	940,994	(114,999)
Materials and supplies	75,265	78,067	42,539	35,528
Other	16,935	16,935	11,684	5,251
Interest on short term loans	60,000	40,045	40,047	(2)
Equipment	12,500	12,500	12,666	(166)
Purchased services	-	-	17,207	(17,207)
Purchasing services				
Salaries	321,610	295,275	292,107	3,168
Materials and supplies	14,000	10,000	2,699	7,301
Equipment	3,500	3,500	-	3,500
Other	10,500	10,500	9,867	633
Postage	140,000	140,190	111,293	28,897
Warehousing and distributing services				
Salaries	383,578	292,555	253,022	39,533
Materials and supplies	11,300	3,900	3,558	342
Rental of equipment	3,000	1,500	924	576
Equipment	1,200	1,200	-	1,200
Other	1,200	105	106	(1)
Printing and publishing				
Salaries	200,935	190,925	171,612	19,313
Materials and supplies	5,000	19,000	-	19,000
Other	5,250	7,250	2,972	4,278
Printing and binding	30,000	30,000	29,463	537
Rental of equipment	195,000	244,982	175,422	69,560
Repairs and maintenance	8,000	8,000	10,214	(2,214)
Equipment	6,000	4,000	4,268	(268)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Business and Central Services (continued)				
Planning, research and development				
Salaries	\$ 235,790	221,450	249,088	\$ (27,638)
Materials and supplies	25,000	31,000	30,368	632
Equipment	1,000	1,000	-	1,000
Other	6,000	6,000	1,026	4,974
Repairs and maintenance	15,000	10,000	1,150	8,850
Public information services				
Salaries	81,575	59,025	57,480	1,545
Advertising	55,000	55,000	36,330	18,670
Materials and supplies	70,000	70,890	14,416	56,474
Equipment	7,000	7,000	392	6,608
Other	2,550	2,550	806	1,744
Repairs and maintenance	35,000	35,000	12,210	22,790
Personnel services				
Salaries	880,640	827,730	901,058	(73,328)
Purchased services	100,000	100,000	103,369	(3,369)
Materials and supplies	85,000	95,570	77,486	18,084
Other	39,250	39,250	34,686	4,564
Repairs and maintenance	15,000	15,000	9,782	5,218
Fingerprinting, background check and drug screening	100,000	100,000	39,000	61,000
Equipment	1,500	1,500	-	1,500
Information systems				
Salaries	782,189	849,840	798,659	51,181
Materials and supplies	548,000	787,700	592,336	195,364
Technical services	735,000	929,000	580,939	348,061
Equipment	535,000	709,000	532,921	176,079
Other	13,300	19,300	23,252	(3,952)
Repairs and maintenance	109,000	109,000	59,102	49,898
Business and central services				
Employee benefits	697,875	708,430	777,946	(69,516)
TOTAL BUSINESS AND CENTRAL SERVICES	<u>8,888,771</u>	<u>9,340,774</u>	<u>8,378,445</u>	<u>962,329</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Operation and maintenance of plant services				
Salaries	\$ 12,517,625	\$ 9,646,975	\$ 9,263,622	\$ 383,353
Employee benefits	5,058,000	4,356,030	4,916,192	(560,162)
Equipment	545,900	147,000	94,485	52,515
Other	3,131,200	9,942,825	9,910,428	32,397
Rental of equipment	35,000	35,230	31,984	3,246
Materials and supplies	2,801,000	1,404,000	1,400,500	3,500
Gasoline\fuel	175,000	110,000	92,627	17,373
Operation of buildings	-	-	-	-
Water\sewerage	415,000	525,000	472,574	52,426
Disposal services	350,000	400,000	254,152	145,848
Repairs and maintenance	4,941,100	5,905,000	4,866,508	1,038,492
Insurance	250,000	250,000	250,000	-
Telephone	1,600,000	1,602,134	1,274,031	328,103
Natural gas	575,000	850,000	726,325	123,675
Electricity	5,424,070	5,500,000	5,729,342	(229,342)
Care and upkeep of grounds	150,000	189,000	180,636	8,364
Care and upkeep of equipment	122,000	42,650	35,950	6,700
Insurance	50,000	50,000	50,000	-
Repairs and maintenance	125,000	22,040	24,629	(2,589)
TOTAL OPERATION AND MAINTENANCE OF PLANT SERVICES	<u>38,265,895</u>	<u>40,977,884</u>	<u>39,573,985</u>	<u>1,403,899</u>
Transportation services				
Supervision of student transportation				
Salaries	2,065,095	2,243,440	563,836	1,679,604
Materials and supplies	10,000	10,000	2,920	7,080
Purchased Services	24,000	24,000	10,620	13,380
Equipment	4,800	4,800	-	4,800
Other	9,000	9,000	1,807	7,193
Repairs and maintenance	10,000	12,000	149	11,851
Regular transportation services				
Salaries	7,160,475	7,865,000	9,349,376	(1,484,376)
Employee benefits	6,467,940	6,610,465	7,464,953	(854,488)
Materials and supplies	1,272,000	1,550,000	1,509,505	40,495
Equipment	827,500	1,618,390	1,378,211	240,179
Other	62,000	60,000	27,859	32,141
Repairs and maintenance	400,125	495,250	242,976	252,274
Insurance	320,000	320,000	320,000	-
Gasoline\fuel	1,680,000	1,789,340	1,476,063	313,277
TOTAL TRANSPORTATION SERVICES	<u>20,312,935</u>	<u>22,611,685</u>	<u>22,348,275</u>	<u>263,410</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

DETAILED BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Appropriations-Charter schools	\$ 2,395,000	\$ 2,476,000	\$ 2,430,212	\$ 45,788
Settlement Agreement	12,396,000	10,794,215	10,677,005	117,210
Debt Service	342,716	342,715	342,716	(1)
TOTAL EXPENDITURES	<u>276,756,800</u>	<u>285,476,835</u>	<u>282,802,637</u>	<u>2,674,198</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,085,548)</u>	<u>(9,907,535)</u>	<u>(2,969,520)</u>	<u>6,938,015</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,036,925	7,185,025	7,623,023	437,998
Transfers out	(2,875,000)	(6,095,000)	(6,064,586)	30,414
TOTAL OTHER FINANCING SOURCES (USES)	<u>(838,075)</u>	<u>1,090,025</u>	<u>1,558,437</u>	<u>468,412</u>
NET CHANGE IN FUND BALANCE	<u>(9,923,623)</u>	<u>(8,817,510)</u>	<u>(1,411,083)</u>	<u>7,406,427</u>
Fund balance, June 30, 2003	<u>29,863,237</u>	<u>29,863,237</u>	<u>29,863,237</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>19,939,614</u>	<u>21,045,727</u>	<u>28,452,154</u>	<u>7,406,427</u>

(Concluded)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

TITLE II

Title II increases student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools. The program also holds local educational agencies and schools accountable for improvements in student academic achievement.

TITLE V

Title V (PL 96-212) is a federally funded program which provides grants to school districts that are heavily impacted by refugee children. Services are provided to that particular student population and their parents.

GEAR UP BATON ROUGE

Gear Up Baton Rouge is a systemic effort to change teaching and learning in two middle schools with students who qualify in overwhelming numbers for free and reduced lunch. The goals of the grant are: 1) Increase articulation success through primary and secondary education and into post secondary education; 2) Increase high school graduation and post secondary education attendance rates within low income student populations; 3) Increase academic performance of low income students; 4) Enhance school academic and curricular reforms through professional development for teachers and through active involvement in school improvement teams; 5) Provide for project evaluation; 6) Coordinate project dissemination at the local, state, regional, and national levels.

SPECIAL EDUCATION

The Individuals with Disabilities Act (IDEA) is a federally financed program providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.

ALCOHOL AND DRUG ABUSE

The *Alcohol and Drug Abuse Prevention Fund* sponsors the prevention of alcohol and drug abuse among children of East Baton Rouge Parish schools. It is funded by ad valorem taxes and donations.

CAREER AND TECHNICAL EDUCATION

The *Career and Technical Education Fund* accounts for a program designed to administer various vocational programs which provide vocational training and assistance.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS (continued)

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The *Pre-GED/Skills Option Program* is a comprehensive counseling and guidance program with components for pre-GED academic, workplace readiness and skills instructions for students who are at risk of dropping out of high school.

Starting Points/Early Childhood Development provides full day, before and after school preschool instruction and care for at-risk four-year old students.

STATE GRANTS

The *State Grants Fund* is used to account for special grants received from various departments of the State of Louisiana.

CONTINUING EDUCATION

The *Continuing Education Fund* is a program which offers higher education opportunities to persons who are age 16 and older.

TITLE IV

The *Title IV School Program* is a federally funded program which provides drug abuse and prevention education for all students of East Baton Rouge Parish.

LOCAL GRANTS

Grants from various private foundations provide additional support for educational programs. Program areas include teacher mini-grants, math improvement, remediation, staff development and homeless youth activities.

DIRECT FEDERAL PROGRAMS

This fund accounts for programs whose funding is received directly from a federal agency.

Literacy through School Libraries provides students with increased access to up-to-date school library materials, a well-equipped technologically advanced school library media center, and well-trained, professionally certified school library media specialists to improve literacy skills and achievement of students.

Education Station 21 Century is an extended day program designed to improve student performance and provide parents with an awareness of community resources available for their child's welfare. The program emphasizes the building of partnerships with on-going community agencies such as Big Buddy, Boy Scouts and SERVE! Baton Rouge. These partnerships are intended to continue the program's activities after the program has ended.

EXCEL is an extended day, summer school and instructional training program providing tutoring and accredited courses to high school LEP (Limited English Proficient) students. The objective of the program is to prepare the participants to pass the required courses and graduation exam. Most of the students are immigrants or refugees and the program management regularly interacts with the Office of Migration and Refugee Services.

Teaching American History provides support programs to raise student achievement by improving teacher's knowledge, understanding, and appreciation of American History.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS (continued)

DIRECT FEDERAL PROGRAMS (continued)

MOSAIC is an extended day and summer school program providing educational tutoring and English language courses to elementary school students. The program has 40 different language groups participating. Most of the students are immigrants or refugees and the program management regularly interacts with the Office of Migration and Refugee Services. The program objective is to facilitate LEP (Limited English Proficient) students in attaining or surpassing the academic level of their English-speaking peers.

SUMMER SCHOOL

The *Summer School Program* is designed to provide summer programs enabling students who have failed subjects to remove deficiencies, enroll in courses to enrich their educational experiences, and to enable students to take additional courses in order to meet graduation requirements. Revenues for the fund are generated through a registration fee charged to each student for each class taken.

WBRH RADIO STATION TRAINING PROGRAM

The *WBRH Radio Station Training Program Fund* accounts for the operations of the radio station and the training of students involved in radio training.

SERVE! BATON ROUGE

SERVE! Baton Rouge is a program funded by a grant from the Louisiana Serve Commission that provides tutoring and mentoring to academically at-risk youth at twelve elementary schools in the East Baton Rouge Parish School System.

WORKFORCE INVESTMENT ACT

The *Workforce Investment Act* is a federally funded program created to design, with states and local communities, a revitalized, workforce investment system that will help low income youth between the ages of 14 and 21 acquire the educational and occupational skills, training and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood.

TECHNOLOGY LITERACY CHALLENGE (Title III)

Title III is a provision of the federally legislated Goals 2001: Educate America Act. The funds provide instructional and technical training for classroom teachers.



Quality and Equity

EBR

East Baton Rouge
Parish School System

The East Baton Rouge Parish School System
does not discriminate on
the basis of race, color, national
origin, sex, handicap
or disability

Our Children Are the Reason

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS-

COMBINING BALANCE SHEET

JUNE 30, 2004

	<u>Title II</u>	<u>Title V</u>
<u>ASSETS</u>		
Cash	\$ -	\$ -
Receivables:		
Accounts	5,208	280
Sales tax	-	-
Ad valorem tax	-	-
Due from other funds	-	-
Due from other governments	778,808	201,793
TOTAL ASSETS	<u>\$ 784,016</u>	<u>\$ 202,073</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 134,246	\$ 31,840
Salaries payable	-	-
Due to other funds	649,770	170,233
Deferred revenues	-	-
TOTAL LIABILITIES	<u>784,016</u>	<u>202,073</u>
Fund balances:		
Unreserved - undesignated	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 784,016</u>	 <u>\$ 202,073</u>

<u>Gear Up Baton Rouge</u>	<u>Special Education</u>	<u>Alcohol and Drug Abuse</u>	<u>Career and Technical Education</u>
\$ -	\$ -	\$ -	\$ -
5,139	75,414	21,717	2,020
-	-	-	-
-	-	-	-
-	-	575,407	-
132,463	1,395,385	-	738,316
<u>\$ 137,602</u>	<u>\$ 1,470,799</u>	<u>\$ 597,124</u>	<u>\$ 740,336</u>
\$ 5,131	\$ 321,481	\$ 39,685	\$ 708
-	-	-	-
130,991	1,149,318	-	739,043
1,480	-	3,877	585
<u>137,602</u>	<u>1,470,799</u>	<u>43,562</u>	<u>740,336</u>
-	-	553,562	-
-	-	553,562	-
<u>\$ 137,602</u>	<u>\$ 1,470,799</u>	<u>\$ 597,124</u>	<u>\$ 740,336</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS-

COMBINING BALANCE SHEET

JUNE 30, 2004

	Temporary Assistance For Needy Families	State Grants	Continuing Education
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	25,828	-
Sales tax	-	-	-
Ad valorem tax	-	-	-
Due from other funds	417,224	-	-
Due from other governments	511,742	1,981,991	214,100
TOTAL ASSETS	<u>\$ 928,966</u>	<u>\$ 2,007,819</u>	<u>\$ 214,100</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 13,817	\$ 36,486	\$ 15,953
Salaries payable	-	250	-
Due to other funds	-	1,232,789	198,147
Deferred revenues	6,027	695,383	-
TOTAL LIABILITIES	<u>19,844</u>	<u>1,964,908</u>	<u>214,100</u>
Fund balances:			
Unreserved - undesignated	909,122	42,911	-
TOTAL FUND BALANCES	<u>909,122</u>	<u>42,911</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 928,966</u>	<u>\$ 2,007,819</u>	<u>\$ 214,100</u>

Title IV	Local Grants	Direct Federal Programs	Summer School	WBRH Radio Station Training Program	Serve! Baton Rouge
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	64,116	-	11,140	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	300,215	-	380,104	131,467	-
80,375	-	35,242	-	-	19,802
<u>\$ 80,375</u>	<u>\$ 364,331</u>	<u>\$ 35,242</u>	<u>\$ 391,244</u>	<u>\$ 131,467</u>	<u>\$ 19,802</u>
\$ 14,111	\$ 2,973	\$ 3,862	\$ 6,393	\$ 7,952	\$ -
-	-	-	1,000	-	-
58,021	-	31,380	-	-	19,802
8,243	-	-	-	-	-
<u>80,375</u>	<u>2,973</u>	<u>35,242</u>	<u>7,393</u>	<u>7,952</u>	<u>19,802</u>
-	361,358	-	383,851	123,515	-
-	361,358	-	383,851	123,515	-
<u>\$ 80,375</u>	<u>\$ 364,331</u>	<u>\$ 35,242</u>	<u>\$ 391,244</u>	<u>\$ 131,467</u>	<u>\$ 19,802</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

NON-MAJOR GOVERNMENTAL FUNDS-

COMBINING BALANCE SHEET

JUNE 30, 2004

	Workforce Investment Act	Technology Literacy Challenge (Title III)	Total
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	-	210,862
Sales tax	-	-	-
Ad valorem tax	-	-	-
Due from other funds	-	-	1,804,417
Due from other governments	26,592	99,816	6,216,425
TOTAL ASSETS	<u>\$ 26,592</u>	<u>\$ 99,816</u>	<u>\$ 8,231,704</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,626	\$ 8,660	\$ 644,924
Salaries payable	-	-	1,250
Due to other funds	24,966	91,156	4,495,616
Deferred revenues	-	-	715,595
TOTAL LIABILITIES	<u>26,592</u>	<u>99,816</u>	<u>5,857,385</u>
Fund balances:			
Unreserved - undesignated	-	-	2,374,319
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>2,374,319</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,592</u>	<u>\$ 99,816</u>	<u>\$ 8,231,704</u>

(Concluded)



EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2004

	Title II	Title V
<u>REVENUES</u>		
Local sources:		
Ad valorem taxes	\$ -	\$ -
Other	-	-
State and federal:		
Other state support	-	-
Federal grants	4,939,970	454,566
TOTAL REVENUES	4,939,970	454,566
 <u>EXPENDITURES</u>		
Current		
Instruction:		
Regular education programs	-	-
Special education programs	-	-
Other education programs	3,819,418	345,716
Support:		
Pupil support services	-	-
Instructional staff services	763,169	76,988
Administrative	6,872	179
Business and central services	21,342	1,248
Plant operations and maintenance	5,118	254
Transportation	-	-
TOTAL EXPENDITURES	4,615,919	424,385
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	324,051	30,181
 <u>OTHER FINANCING SOURCES AND USES</u>		
Transfers in	-	-
Transfers out	(324,051)	(30,181)
TOTAL OTHER FINANCING SOURCES (USES)	(324,051)	(30,181)
NET CHANGE IN FUND BALANCE	-	-
Fund balance, June 30, 2003	-	-
FUND BALANCE, JUNE 30, 2004	\$ -	\$ -

<u>Gear Up Baton Rouge</u>	<u>Special Education</u>	<u>Alcohol and Drug Abuse</u>	<u>Career and Technical Education</u>
\$ -	\$ -	\$ 1,432,781	\$ -
-	-	19,421	-
-	-	-	-
212,238	6,951,467	-	929,969
<u>212,238</u>	<u>6,951,467</u>	<u>1,452,202</u>	<u>929,969</u>
-	-	-	-
-	4,463,330	-	-
54,169	-	-	799,248
143,606	250,687	1,238,328	-
-	1,126,598	11,187	91,500
-	1,963	40,929	98
-	98,723	55,881	13,999
-	28,685	34,426	-
6,241	293,733	-	25,124
<u>204,016</u>	<u>6,263,719</u>	<u>1,380,751</u>	<u>929,969</u>
8,222	687,748	71,451	-
-	-	-	-
<u>(8,222)</u>	<u>(687,748)</u>	<u>(11,461)</u>	<u>-</u>
<u>(8,222)</u>	<u>(687,748)</u>	<u>(11,461)</u>	<u>-</u>
-	-	59,990	-
-	-	493,572	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,562</u>	<u>\$ -</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2004

	Temporary Assistance For Needy Families	State Grants	Continuing Education
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Other	-	-	-
State and federal:			
Other state support	-	5,229,452	-
Federal grants	4,628,459	-	653,009
TOTAL REVENUES	<u>4,628,459</u>	<u>5,229,452</u>	<u>653,009</u>
<u>EXPENDITURES</u>			
Current			
Instruction:			
Regular education programs	-	2,790,688	-
Special education programs	-	122,794	-
Other education programs	3,593,341	4,140,885	611,335
Support:			
Pupil support services	-	49,723	-
Instructional staff services	534,230	321,980	14,749
Administrative	357	3,000	-
Business and central services	51,783	42,864	-
Plant operations and maintenance	17,683	80,251	-
Transportation	10,848	50,202	-
TOTAL EXPENDITURES	<u>4,208,242</u>	<u>7,602,387</u>	<u>626,084</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>420,217</u>	<u>(2,372,935)</u>	<u>26,925</u>
<u>OTHER FINANCING SOURCES AND USES</u>			
Transfers in	-	1,764,586	-
Transfers out	(900)	(31,041)	(28,263)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(900)</u>	<u>1,733,545</u>	<u>(28,263)</u>
NET CHANGE IN FUND BALANCE	419,317	(639,390)	(1,338)
Fund balance, June 30, 2003	<u>489,805</u>	<u>682,301</u>	<u>1,338</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 909,122</u>	<u>\$ 42,911</u>	<u>\$ -</u>

Title IV	Local Grants	Direct Federal Programs	Summer School	WBRH Radio Station Training Program	Serve! Baton Rouge
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	305,316	-	315,057	272,560	-
-	-	-	-	-	-
454,391	-	569,887	-	-	121,545
<u>454,391</u>	<u>305,316</u>	<u>569,887</u>	<u>315,057</u>	<u>272,560</u>	<u>121,545</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	287,009	463,153	391,269	188,555	-
445,482	-	41,111	-	-	-
-	97,102	13,675	-	-	118,415
-	130	30	47	-	-
-	6,000	5,052	-	-	208
-	36,709	582	-	-	2,922
-	29	2,713	475	-	-
<u>445,482</u>	<u>426,979</u>	<u>526,316</u>	<u>391,791</u>	<u>188,555</u>	<u>121,545</u>
<u>8,909</u>	<u>(121,663)</u>	<u>43,571</u>	<u>(76,734)</u>	<u>84,005</u>	<u>-</u>
-	100,000	-	-	-	-
<u>(8,909)</u>	<u>-</u>	<u>(43,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(8,909)</u>	<u>100,000</u>	<u>(43,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(21,663)	-	(76,734)	84,005	-
-	383,021	-	460,585	39,510	-
<u>\$ -</u>	<u>\$ 361,358</u>	<u>\$ -</u>	<u>\$ 383,851</u>	<u>\$ 123,515</u>	<u>\$ -</u>

(Continued)

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
FISCAL YEAR ENDED JUNE 30, 2004

	Workforce Training Act	Technology Literacy Challenge (Title III)	Total
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ 1,432,781
Other	-	-	912,354
State and federal:			
Other state support	-	-	5,229,452
Federal grants	144,331	263,161	20,322,993
	<u>144,331</u>	<u>263,161</u>	<u>27,897,580</u>
<u>EXPENDITURES</u>			
Current			
Instruction:			
Regular education programs	-	-	2,790,688
Special education programs	-	-	4,586,124
Other education programs	8,068	237,152	14,939,318
Support:			
Pupil support services	94,016	-	2,262,953
Instructional staff services	42,247	14,458	3,226,298
Administrative	-	53	53,658
Business and central services	-	1,027	298,127
Plant operations and maintenance	-	1,831	208,461
Transportation	-	2,440	391,805
TOTAL EXPENDITURES	<u>144,331</u>	<u>256,961</u>	<u>28,757,432</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>-</u>	 <u>6,200</u>	 <u>(859,852)</u>
<u>OTHER FINANCING SOURCES AND USES</u>			
Transfers in	-	-	1,864,586
Transfers out	-	(6,200)	(1,180,547)
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>(6,200)</u>	 <u>684,039</u>
 NET CHANGE IN FUND BALANCE	 <u>-</u>	 <u>-</u>	 <u>(175,813)</u>
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>2,550,132</u>
 FUND BALANCE, JUNE 30, 2004	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,374,319</u>

(Concluded)

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TITLE II

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Federal grants	\$ 5,688,355	\$ 4,939,970	\$ (748,385)
TOTAL REVENUES	<u>5,688,355</u>	<u>4,939,970</u>	<u>(748,385)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	4,410,895	3,819,418	591,477
Support:			
Instructional Staff Services	868,954	763,169	105,785
Administrative	8,739	6,872	1,867
Business and Central Services	21,513	21,342	171
Plant Operations and Maintenance	5,361	5,118	243
TOTAL EXPENDITURES	<u>5,315,462</u>	<u>4,615,919</u>	<u>699,543</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>372,893</u>	<u>324,051</u>	<u>(48,842)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(372,893)	(324,051)	48,842
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(372,893)</u>	<u>(324,051)</u>	<u>48,842</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TITLE V

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Federal grants	\$ 721,679	\$ 454,566	\$ (267,113)
TOTAL REVENUES	<u>721,679</u>	<u>454,566</u>	<u>(267,113)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	564,505	345,716	218,789
Support:			
Instructional Staff Services	107,509	76,988	30,521
Administrative	252	179	73
Business and Central Services	1,627	1,248	379
Plant Operations and Maintenance	390	254	136
TOTAL EXPENDITURES	<u>674,283</u>	<u>424,385</u>	<u>249,898</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>47,396</u>	<u>30,181</u>	<u>(17,215)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	<u>(47,396)</u>	<u>(30,181)</u>	<u>17,215</u>
TOTAL OTHER FINANCING SOURCES	<u>(47,396)</u>	<u>(30,181)</u>	<u>17,215</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - GEAR UP BATON ROUGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Federal grants	\$ 212,238	\$ 212,238	\$ -
TOTAL REVENUES	<u>212,238</u>	<u>212,238</u>	<u>-</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	54,169	54,169	-
Support:			
Pupil Support Services	143,606	143,606	-
Transportation	6,241	6,241	-
TOTAL EXPENDITURES	<u>204,016</u>	<u>204,016</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,222</u>	<u>8,222</u>	<u>-</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(8,222)	(8,222)	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>(8,222)</u>	<u>(8,222)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - SPECIAL EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Federal grants	\$ 10,419,451	\$ 6,951,467	\$ (3,467,984)
TOTAL REVENUES	<u>10,419,451</u>	<u>6,951,467</u>	<u>(3,467,984)</u>
<u>EXPENDITURES</u>			
Instruction:			
Special Education Programs	6,513,398	4,463,330	2,050,068
Support:			
Pupil Support Services	447,133	250,687	196,446
Instructional Staff Services	1,747,409	1,126,598	620,811
Administrative	3,351	1,963	1,388
Business and Central Services	150,727	98,723	52,004
Plant Operations and Maintenance	46,212	28,685	17,527
Transportation	441,419	293,733	147,686
TOTAL EXPENDITURES	<u>9,349,649</u>	<u>6,263,719</u>	<u>3,085,930</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,069,802</u>	<u>687,748</u>	<u>(382,054)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(1,069,802)	(687,748)	382,054
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>(1,069,802)</u>	<u>(687,748)</u>	<u>382,054</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	-	-	-
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - ALCOHOL AND DRUG ABUSE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ 1,728,572	\$ 1,432,781	\$ (295,791)
Other	30,000	19,421	(10,579)
TOTAL REVENUES	<u>1,758,572</u>	<u>1,452,202</u>	<u>(306,370)</u>
<u>EXPENDITURES</u>			
Support:			
Pupil Support Services	1,564,194	1,238,328	325,866
Instructional Staff Services	14,131	11,187	2,944
Administrative	51,699	40,929	10,770
Business and Central Services	70,586	55,881	14,705
Plant Operations and Maintenance	43,485	34,426	9,059
TOTAL EXPENDITURES	<u>1,744,095</u>	<u>1,380,751</u>	<u>363,344</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>14,477</u>	<u>71,451</u>	<u>56,974</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(14,477)	(11,461)	3,016
Transfers in	-	-	-
TOTAL OTHER FINANCING USES	<u>(14,477)</u>	<u>(11,461)</u>	<u>3,016</u>
NET CHANGE IN FUND BALANCE	-	59,990	59,990
Fund balance, June 30, 2003	<u>493,572</u>	<u>493,572</u>	-
FUND BALANCE, JUNE 30, 2004	<u>\$ 493,572</u>	<u>\$ 553,562</u>	<u>\$ 59,990</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - CAREER AND TECHNICAL EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 937,765	\$ 929,969	\$ (7,796)
TOTAL REVENUES	<u>937,765</u>	<u>929,969</u>	<u>(7,796)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	805,989	799,248	6,741
Support:			
Instructional Staff Services	92,223	91,500	723
Administrative	99	98	1
Business and Central Services	14,108	13,999	109
Transportation	25,346	25,124	222
TOTAL EXPENDITURES	<u>937,765</u>	<u>929,969</u>	<u>7,796</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 5,268,434	\$ 4,628,459	\$ (639,975)
TOTAL REVENUES	<u>5,268,434</u>	<u>4,628,459</u>	<u>(639,975)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	4,529,946	3,593,341	936,605
Support			
Instructional Staff Services	639,247	534,230	105,017
Administrative	454	357	97
Business and Central Services	64,913	51,783	13,130
Plant Operations and Maintenance	21,673	17,683	3,990
Transportation	11,134	10,848	286
TOTAL EXPENDITURES	<u>5,267,367</u>	<u>4,208,242</u>	<u>1,059,125</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,067</u>	<u>420,217</u>	<u>419,150</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(1,067)	(900)	167
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(1,067)</u>	<u>(900)</u>	<u>167</u>
NET CHANGE IN FUND BALANCE	-	419,317	419,317
Fund balance, June 30, 2003	<u>489,805</u>	<u>489,805</u>	<u>417,947</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 489,805</u>	<u>\$ 909,122</u>	<u>\$ 837,264</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - STATE GRANTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
State support	\$ 6,058,016	5,229,452	\$ (828,564)
TOTAL REVENUES	<u>6,058,016</u>	<u>5,229,452</u>	<u>(828,564)</u>
<u>EXPENDITURES</u>			
Instruction:			
Regular Education Programs	2,839,078	2,790,688	48,390
Special Education Programs	122,794	122,794	-
Other Education Programs	5,001,046	4,140,885	860,161
Support:			
Pupil Support Services	52,200	49,723	2,477
Instructional Staff Services	345,946	321,980	23,966
Administrative	3,000	3,000	-
Business and Central Services	59,668	42,864	16,804
Plant Operations and Maintenance	90,962	80,251	10,711
Transportation	54,961	50,202	4,759
TOTAL EXPENDITURES	<u>8,569,655</u>	<u>7,602,387</u>	<u>967,268</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(2,511,639)</u>	<u>(2,372,935)</u>	<u>138,704</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(32,205)	(31,041)	1,164
Transfers in	<u>2,550,000</u>	<u>1,764,586</u>	<u>(785,414)</u>
TOTAL OTHER FINANCING SOURCES	<u>2,517,795</u>	<u>1,733,545</u>	<u>(784,250)</u>
NET CHANGE IN FUND BALANCE	6,156	(639,390)	(645,546)
Fund balance, June 30, 2003	<u>682,301</u>	<u>682,301</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	\$ <u>688,457</u>	\$ <u>42,911</u>	\$ <u>(645,546)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - CONTINUING EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	672,702	653,009	(19,693)
TOTAL REVENUES	<u>672,702</u>	<u>653,009</u>	<u>(19,693)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	629,167	611,335	17,832
Support:			
Instructional Staff Services	14,749	14,749	-
TOTAL EXPENDITURES	<u>643,916</u>	<u>626,084</u>	<u>17,832</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>28,786</u>	<u>26,925</u>	<u>(1,861)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(28,786)	(28,263)	523
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,786)</u>	<u>(28,263)</u>	<u>523</u>
NET CHANGE IN FUND BALANCE	-	(1,338)	(1,338)
Fund balance, June 30, 2003	<u>1,338</u>	<u>1,338</u>	-
FUND BALANCE, JUNE 30, 2004	<u>\$ 1,338</u>	<u>\$ -</u>	<u>\$ (1,338)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TITLE IV

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 454,391	454,391	\$ -
TOTAL REVENUES	<u>454,391</u>	<u>454,391</u>	<u>-</u>
<u>EXPENDITURES</u>			
Support:			
Pupil Support Services	445,482	445,482	-
TOTAL EXPENDITURES	<u>445,482</u>	<u>445,482</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,909</u>	<u>8,909</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(8,909)	(8,909)	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,909)</u>	<u>(8,909)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - LOCAL GRANTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Local sources:			
Other	\$ 427,210	305,316	\$ (121,894)
TOTAL REVENUES	<u>427,210</u>	<u>305,316</u>	<u>(121,894)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	345,470	287,009	58,461
Support:			
Instructional Staff Services	138,123	97,102	41,021
Administrative	134	130	4
Business and Central Services	6,030	6,000	30
Plant Operations and Maintenance	37,424	36,709	715
Transportation	29	29	-
TOTAL EXPENDITURES	<u>527,210</u>	<u>426,979</u>	<u>100,231</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100,000)</u>	<u>(121,663)</u>	<u>(21,663)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	-	-	-
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(21,663)	(21,663)
Fund balance, June 30, 2003	<u>383,021</u>	<u>383,021</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 383,021</u>	<u>\$ 361,358</u>	<u>\$ (21,663)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - DIRECT FEDERAL PROGRAMS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 842,604	569,887	\$ (272,717)
TOTAL REVENUES	<u>842,604</u>	<u>569,887</u>	<u>(272,717)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	707,624	463,153	244,471
Support:			
Pupil Support Services	41,111	41,111	-
Instructional Staff Services	21,402	13,675	7,727
Administrative	45	30	15
Business and Central Services	5,133	5,052	81
Plant Operations and Maintenance	582	582	-
Transportation	2,732	2,713	19
TOTAL EXPENDITURES	<u>778,629</u>	<u>526,316</u>	<u>252,313</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>63,975</u>	<u>43,571</u>	<u>(20,404)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(63,975)	(43,571)	20,404
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>(63,975)</u>	<u>(43,571)</u>	<u>20,404</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	-	-	-
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - SUMMER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Local sources:			
Other	\$ 321,550	\$ 315,057	\$ (6,493)
TOTAL REVENUES	<u>321,550</u>	<u>315,057</u>	<u>(6,493)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	397,657	391,269	6,388
Support			
Administrative	47	47	-
Transportation	475	475	-
TOTAL EXPENDITURES	<u>398,179</u>	<u>391,791</u>	<u>6,388</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(76,629)</u>	<u>(76,734)</u>	<u>(105)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	-	-	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(76,629)	(76,734)	(105)
Fund balance, June 30, 2003	<u>460,585</u>	<u>460,585</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 383,956</u>	<u>\$ 383,851</u>	<u>\$ (105)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - WBRH RADIO STATION TRAINING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Local sources:			
Other	\$ 225,650	272,560	\$ 46,910
TOTAL REVENUES	<u>225,650</u>	<u>272,560</u>	<u>46,910</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	222,526	188,555	33,971
TOTAL EXPENDITURES	<u>222,526</u>	<u>188,555</u>	<u>33,971</u>
NET CHANGE IN FUND BALANCE	3,124	84,005	80,881
Fund balance, June 30, 2003	<u>39,510</u>	<u>39,510</u>	-
FUND BALANCE, JUNE 30, 2004	\$ <u>42,634</u>	\$ <u>123,515</u>	\$ <u>80,881</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - SERVE! BATON ROUGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Federal grants	\$ 121,545	121,545	\$ -
TOTAL REVENUES	<u>121,545</u>	<u>121,545</u>	<u>-</u>
<u>EXPENDITURES</u>			
Support:			
Instructional Staff Services	118,415	118,415	-
Business and Central Services	208	208	-
Plant Operations and Maintenance	<u>2,922</u>	<u>2,922</u>	<u>-</u>
TOTAL EXPENDITURES	<u>121,545</u>	<u>121,545</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - WORKFORCE INVESTMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 144,331	144,331	\$ -
TOTAL REVENUES	<u>144,331</u>	<u>144,331</u>	<u>-</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	8,068	8,068	-
Support:			
Pupil Support Services	94,016	94,016	-
Instructional Staff Services	42,247	42,247	-
TOTAL EXPENDITURES	<u>144,331</u>	<u>144,331</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SPECIAL REVENUE FUND - TECHNOLOGY LITERACY CHALLENGE (TITLE III)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Federal grants	\$ 265,467	263,161	\$ (2,306)
TOTAL REVENUES	<u>265,467</u>	<u>263,161</u>	<u>(2,306)</u>
<u>EXPENDITURES</u>			
Instruction:			
Other Education Programs	239,246	237,152	2,094
Support:			
Instructional Staff Services	14,578	14,458	120
Administrative	54	53	1
Business and Central Services	1,038	1,027	11
Plant Operations and Maintenance	1,846	1,831	15
Transportation	2,440	2,440	-
TOTAL EXPENDITURES	<u>259,202</u>	<u>256,961</u>	<u>2,241</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,265</u>	<u>6,200</u>	<u>(65)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(6,265)	(6,200)	65
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,265)</u>	<u>(6,200)</u>	<u>65</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, June 30, 2003	-	-	-
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

WORKERS' COMPENSATION FUND

The *Workers' Compensation Fund* is designed to protect the School System against catastrophic losses in a single year in the area of employee related accidents.

RISK MANAGEMENT FUND

The *Risk Management Fund* is designed to account for the School System's property, general and automobile liability.

MEDICAL INSURANCE FUND

The *Medical Insurance Fund* accounts for the activity of the School System's managed health care program for its employees.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2004

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,236,720	\$ -	\$ -	\$ 3,236,720
Due from other funds	1,169,369	2,992,853	5,076,261	9,238,483
Reimbursement receivable	-	-	340,790	340,790
 TOTAL ASSETS	 \$ <u>4,406,089</u>	 \$ <u>2,992,853</u>	 \$ <u>5,417,051</u>	 \$ <u>12,815,993</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable	\$ 21,647	\$ 85,468	\$ -	\$ 107,115
Claims payable	2,604,869	3,345,573	10,515,128	16,465,570
TOTAL LIABILITIES	<u>2,626,516</u>	<u>3,431,041</u>	<u>10,515,128</u>	<u>16,572,685</u>
 Net assets (unrestricted)	 <u>1,779,573</u>	 <u>(438,188)</u>	 <u>(5,098,077)</u>	 <u>(3,756,692)</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>4,406,089</u>	 \$ <u>2,992,853</u>	 \$ <u>5,417,051</u>	 \$ <u>12,815,993</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

PROPRIETARY FUND TYPE

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>OPERATING REVENUES</u>				
Premiums received	\$ 1,283,645	\$ 1,377,491	\$ 72,583,467	\$ 75,244,603
TOTAL OPERATING REVENUE	<u>1,283,645</u>	<u>1,377,491</u>	<u>72,583,467</u>	<u>75,244,603</u>
<u>OPERATING EXPENSES</u>				
Claims expense	1,721,763	1,132,994	63,966,867	66,821,624
Insurance premiums	216,738	-	2,189,770	2,406,508
Administrative fees	<u>90,012</u>	<u>122</u>	<u>2,903,426</u>	<u>2,993,560</u>
TOTAL OPERATING EXPENSES	<u>2,028,513</u>	<u>1,133,116</u>	<u>69,060,063</u>	<u>72,221,692</u>
NET OPERATING INCOME (LOSS)	<u>(744,868)</u>	<u>244,375</u>	<u>3,523,404</u>	<u>3,022,911</u>
<u>NONOPERATING INCOME</u>				
Interest income	<u>29,669</u>	<u>-</u>	<u>-</u>	<u>29,669</u>
TOTAL NONOPERATING INCOME	<u>29,669</u>	<u>-</u>	<u>-</u>	<u>29,669</u>
CHANGE IN NET ASSETS	(715,199)	244,375	3,523,404	3,052,580
NET ASSETS at JUNE 30, 2003	<u>2,494,772</u>	<u>\$ (682,563)</u>	<u>\$ (8,621,481)</u>	<u>\$ (6,809,272)</u>
NET ASSETS at JUNE 30, 2004	<u>\$ 1,779,573</u>	<u>\$ (438,188)</u>	<u>\$ (5,098,077)</u>	<u>\$ (3,756,692)</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2004

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Risk</u> <u>Management</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash premiums received	\$ 1,283,645	1,461,331	72,571,279	\$ 75,316,255
Cash paid in claims and benefits	(1,731,612)	(1,065,443)	(65,656,690)	(68,453,745)
Cash paid for expenses	(88,050)	-	(2,903,426)	(2,991,476)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(536,017)</u>	<u>395,888</u>	<u>4,011,163</u>	<u>3,871,034</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Interfund advances	<u>2,043,068</u>	<u>(403,795)</u>	<u>(4,011,163)</u>	<u>(2,371,890)</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>2,043,068</u>	<u>(403,795)</u>	<u>(4,011,163)</u>	<u>(2,371,890)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest Income	<u>29,669</u>	<u>-</u>	<u>-</u>	<u>29,669</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>29,669</u>	<u>-</u>	<u>-</u>	<u>29,669</u>
NET INCREASE IN CASH	1,536,720	(7,907)	-	1,528,813
Cash at beginning of year	<u>1,700,000</u>	<u>7,907</u>	<u>-</u>	<u>1,707,907</u>
CASH AT END OF YEAR	<u>\$ 3,236,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,236,720</u>
<u>Reconciliation of operating income (loss) to net cash provided</u>				
<u>(used) by operating activities</u>				
Operating Income (loss)	\$ (744,868)	\$ 244,375	\$ 3,523,404	\$ 3,022,911
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:				
Changes in:				
Reimbursement receivables	-	-	(12,188)	(12,188)
Accounts and claims payable	<u>208,851</u>	<u>151,513</u>	<u>499,947</u>	<u>860,311</u>
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	<u>\$ (536,017)</u>	<u>\$ 395,888</u>	<u>\$ 4,011,163</u>	<u>\$ 3,871,034</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

AGENCY FUNDS

CONSOLIDATED PAYROLL FUND

The *Consolidated Payroll Fund* was established to account for the payroll deductions and withholdings for all employees paid by the School System.

SCHOOL ACTIVITY FUND

The activities of the various individual school accounts are accounted for in the *School Activity Fund*. While the fund is under the supervision of the School System, these monies belong to the individual schools or their student bodies and are not available for use by the School System.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2004

	<u>Consolidated Payroll Fund</u>	<u>School Activity Fund</u>	<u>Agency Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 4,300,798	\$ 4,300,798
Accounts receivable	119,802	-	119,802
Due from other funds	8,000,401	-	8,000,401
TOTAL ASSETS	<u>\$ 8,120,203</u>	<u>\$ 4,300,798</u>	<u>\$ 12,421,001</u>
<u>LIABILITIES</u>			
Benefits payable	\$ 1,356,733	\$ -	\$ 1,356,733
Salaries payable	5,306,556	-	5,306,556
Payroll withholdings payable	1,456,914	-	1,456,914
Amounts held for other groups	-	4,300,798	4,300,798
TOTAL LIABILITIES	<u>\$ 8,120,203</u>	<u>\$ 4,300,798</u>	<u>\$ 12,421,001</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
<u>CONSOLIDATED PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 239,055,175	\$ 239,055,175	\$ -
Accounts receivable	120,456	578,176	578,830	119,802
Due from other Funds	9,069,708	180,151,520	181,220,827	8,000,401
TOTAL ASSETS	<u>\$ 9,190,164</u>	<u>\$ 419,784,871</u>	<u>\$ 420,854,832</u>	<u>\$ 8,120,203</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 71,743,041	71,743,041	\$ -
Benefits payable	1,595,655	59,849,476	60,088,398	1,356,733
Salaries payable	5,406,922	8,046,981	8,147,347	5,306,556
Payroll withholdings payable	2,187,587	1,673,780	2,404,453	1,456,914
TOTAL LIABILITIES	<u>\$ 9,190,164</u>	<u>\$ 141,313,278</u>	<u>\$ 142,383,239</u>	<u>\$ 8,120,203</u>
<u>SCHOOL ACTIVITY FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents				
TOTAL ASSETS	<u>\$ 4,692,284</u>	<u>\$ 10,172,765</u>	<u>\$ 10,564,251</u>	<u>\$ 4,300,798</u>
<u>LIABILITIES</u>				
Amounts held for other groups	4,692,284	10,172,765	10,564,251	4,300,798
TOTAL LIABILITIES	<u>\$ 4,692,284</u>	<u>\$ 10,172,765</u>	<u>\$ 10,564,251</u>	<u>\$ 4,300,798</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,692,284	\$ 249,227,940	\$ 249,619,426	\$ 4,300,798
Accounts receivable	120,456	578,176	578,830	119,802
Due from other funds	9,069,708	180,151,520	181,220,827	8,000,401
TOTAL ASSETS	<u>\$ 13,882,448</u>	<u>\$ 429,957,636</u>	<u>\$ 431,419,083</u>	<u>\$ 12,421,001</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 71,743,041	71,743,041	\$ -
Benefits payable	1,595,655	59,849,476	60,088,398	1,356,733
Salaries payable	5,406,922	8,046,981	8,147,347	5,306,556
Payroll withholdings payable	2,187,587	1,673,780	2,404,453	1,456,914
Amounts held for other groups	4,692,284	10,172,765	10,564,251	4,300,798
TOTAL LIABILITIES	<u>\$ 13,882,448</u>	<u>\$ 151,486,043</u>	<u>\$ 152,947,490</u>	<u>\$ 12,421,001</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

CAPITAL ASSETS

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

COMPARATIVE SCHEDULE OF CAPITAL ASSETS - BY SOURCES

JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Capital assets:		
Land	\$ 8,352,161	\$ 8,584,448
Buildings and improvements	215,978,874	162,592,398
Furniture and equipment	32,861,312	35,782,354
Construction in progress	<u>17,975,655</u>	<u>56,087,080</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 275,168,002</u>	 <u>\$ 263,046,280</u>
 Capital assets from:		
Capital Projects Fund	\$ 138,043,564	\$ 112,063,333
Other Governmental Funds	<u>137,124,438</u>	<u>150,982,947</u>
 TOTAL ASSETS AT COST	 <u>\$ 275,168,002</u>	 <u>\$ 263,046,280</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

SCHEDULE OF CAPITAL ASSETS AT COST - BY FUNCTION
JUNE 30, 2004

<u>Function</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Administrative	\$ 48,642	\$ 4,316,083	\$ 8,110,793	\$ -	\$ 12,475,518
Instructional	7,563,219	208,536,878	11,085,973	17,975,655	245,161,725
Maintenance	740,300	3,125,913	13,664,546	-	17,530,759
 TOTAL	 <u>\$ 8,352,161</u>	 <u>\$ 215,978,874</u>	 <u>\$ 32,861,312</u>	 <u>\$ 17,975,655</u>	 <u>\$ 275,168,002</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM

Baton Rouge, Louisiana

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION
FISCAL YEAR ENDED JUNE 30, 2004

<u>Function</u>	<u>Capital Assets June 30, 2003</u>	<u>Additions</u>	<u>Adjustments and Deductions</u>	<u>Capital Assets June 30, 2004</u>
Administrative	\$ 12,478,746	\$ 520,505	\$ (523,733)	\$ 12,475,518
Instructional	228,647,683	89,186,165	(72,672,123)	245,161,725
Maintenance	21,919,851	12,500	(4,401,592)	17,530,759
TOTAL	<u>\$ 263,046,280</u>	<u>\$ 89,719,170</u>	<u>\$ (77,597,448)</u>	<u>\$ 275,168,002</u>



Statistical
Section

Comprehensive Annual Financial Report

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

GENERAL SCHOOL SYSTEM REVENUES AND PROGRAM REVENUES BY SOURCE -
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total</u>	<u>Ad Valorem Taxes & Revenue Sharing</u>	<u>Sales & Use Taxes</u>	<u>Minimum Foundation Program (state)</u>	<u>Grants & Contributions</u>	<u>Interest & Miscellaneous</u>
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-	-	-
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	408,076,584	80,948,157	122,957,236	134,999,246	54,691,805	14,480,140
2002	423,447,102	85,484,446	125,380,879	143,066,171	55,170,236	14,345,370
2003	430,823,509	89,343,891	128,970,873	138,122,384	64,119,524	10,266,837
2004	404,459,515	92,352,567	123,438,777	118,772,955	61,133,064	8,762,152

GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION -
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total</u>	<u>Instructional (1)</u>	<u>Maintenance & Operations</u>	<u>Transportation</u>	<u>Food Service</u>	<u>General Administrative/ Business Service Misc. (2)</u>
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-	-	-
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	371,265,725	268,599,402	38,475,183	20,691,466	24,437,035	19,062,639
2002	379,276,899	279,621,545	34,775,378	21,975,939	26,804,429	16,099,608
2003	400,996,103	289,064,589	43,630,455	22,734,348	27,805,218	17,761,493
2004	375,993,463	267,856,267	40,656,948	23,453,713	24,940,146	19,086,389

General School System Revenue, Program Revenue, and Expense data is not readily available on a consolidated basis for fiscal years ending 1994 – 2000 due to GASB 34 was not implemented until fiscal year ended 2001.

(1) Includes amounts for (a) school administration, (b) regular and special education, (c) instructional and pupil support services and (d) charter school appropriations.

(2) Includes amounts for (a) general administration, (b) debt service, and (c) business services.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

GENERAL FUND REVENUES BY SOURCES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total</u>	<u>Ad Valorem Taxes</u>	<u>Sales and Use Tax</u>	<u>State Support</u>	<u>Federal Grants</u>	<u>Misc.</u>
1995	\$256,268,397	\$ 52,712,069	\$ 52,409,510	\$ 146,027,066	\$ 1,682,532	\$ 3,437,220
1996	255,740,159	55,385,334	56,354,829	138,750,975	1,107,308	4,141,713
1997	259,201,923	57,514,153	58,493,172	138,881,824	478,649	3,834,125
1998	273,511,530	62,573,263	61,754,604	144,027,982	499,997	4,655,684
1999	290,490,251	66,270,647	71,015,058	146,445,025	418,508	6,341,013
2000	282,894,723	71,416,770	65,697,498	141,334,073	456,814	3,989,568
2001	284,171,770	75,788,351	65,425,555	138,358,780	483,499	4,115,585
2002	297,555,836	80,229,776	66,670,948	145,918,169	520,013	4,216,930
2003	300,224,403	84,041,927	68,559,736	142,307,758	641,380	4,673,602
2004	279,833,117	87,160,235	65,714,166	122,351,509	496,949	4,110,258

GENERAL FUND EXPENDITURES BY FUNCTIONS
LAST TEN FISCAL YEARS

	<u>Total</u>	<u>Instructional (1)</u>	<u>Maintenance & Operations</u>	<u>Transportation</u>	<u>General Administrative/ Business Service Misc. (2)</u>
1995	\$ 252,414,010	\$ 194,065,610	\$29,896,244	\$ 16,530,871	\$ 11,921,285
1996	249,828,590	191,372,071	30,405,442	16,410,731	11,640,346
1997	250,212,864	190,029,180	32,279,430	15,710,748	12,193,506
1998	272,520,857	201,165,847	35,199,598	19,894,201	16,261,211
1999	284,928,535	219,421,887	33,234,697	16,845,443	15,426,508
2000	286,546,865	219,107,378	34,366,787	17,428,537	15,644,163
2001	291,367,820	215,080,177	39,082,228	21,090,464	16,114,951
2002	284,040,090	216,270,318	33,014,060	18,855,883	15,899,829
2003	292,304,484	217,397,642	38,382,662	19,188,217	17,335,963
2004	282,802,636	203,349,396	39,573,985	22,348,275	17,530,980

(1) Includes amounts for (a) school administration, (b) regular and special education, and (c) instructional and pupil support services and capital outlay.

(2) Includes amounts for (a) general administration, (b) debt service, and (c) business services.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Levy Collections</u>	<u>Percent of Levy Collected</u>	<u>Prior Year Tax Collections</u>	<u>Total Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>
1994	\$ 54,403,964	\$ 52,422,049	96.4%	\$ 1,009,301	\$ 53,431,350	98.2%
1995	56,702,992	54,839,950	96.7	1,195,461	56,035,411	98.8
1996	58,955,243	57,218,310	97.1	912,641	58,130,951	98.6
1997	63,713,890	61,865,128	97.1	1,445,784	63,310,912	99.4
1998	68,642,992	66,837,246	97.4	220,648	67,057,894	97.7
1999	71,821,605	70,189,060	97.7	706,666	70,895,726	98.7
2000	76,759,889	74,426,059	97.0	818,601	75,244,660	98.0
2001	81,264,695	78,653,814	96.8	996,909	79,650,723	98.0
2002	85,045,184	82,718,422	97.3	706,402	83,424,824	98.1
2003	85,891,174	85,598,317	99.7	860,045	86,458,362	100.7

(1) "Total Tax Levy" represents the original levy of the Assessor, less the amount of homestead exemption, and is the amount to be paid by the taxpayer.

The amounts to be paid by the taxpayer are ultimately collected in full except for adjustments due to assessment errors and delayed homestead exemptions. The amount paid by the State Treasurer for homestead exemption is based on an appropriation formula by the State of Louisiana.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (1)

<u>Fiscal Year</u>	<u>Assessed Value (3)</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value (2)</u>
1994	\$ 1,674,869,070	\$ 15,226,082,455	11%
1995	1,738,389,370	15,803,539,727	11
1996	1,864,291,964	16,948,108,764	11
1997	1,984,916,760	18,044,697,818	11
1998	2,110,523,938	19,186,581,255	11
1999	2,196,149,252	19,964,993,200	11
2000	2,324,089,310	21,128,084,636	11
2001	2,437,458,220	22,158,711,091	11
2002	2,533,605,400	23,032,776,364	11
2003	2,669,273,996	24,266,127,236	11

(1) Source: Comprehensive Annual Financial Report of City-Parish Government of Baton Rouge.

(2) Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. The overall assessed value is estimated to be 11% of actual market value.

(3) Exempt Properties

Does not include exempt assessed valuations as follows:

	<u>2003</u>	<u>2002</u>
(a) Manufacturing plants under a ten-year contract	\$ 491,031,632	\$ 518,695,478
(b) Churches, schools, and government buildings	<u>62,784,138</u>	<u>61,120,413</u>
Total Exempt Properties	<u>\$ 553,815,770</u>	<u>\$ 579,815,891</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS (1)
LAST TEN FISCAL YEARS

Fiscal Year	City			Parish		
	Operating	Operating	Debt Service (2)	Mosquito Rodent Tax	Library Board of Control	Emergency Medical Services
<u>TAX RATES (mills per dollar)</u>						
1994	8.74	4.38	2.85	1.23	8.33	3.13
1995	8.74	4.38	2.85	1.23	8.33	3.13
1996	8.50	4.20	1.22	1.18	11.10	3.00
1997	8.50	4.20	0.63	1.18	11.10	3.00
1998	8.50	4.20	-	1.18	11.10	3.00
1999	8.50	4.20	-	1.18	11.10	3.00
2000	8.34	4.06	-	1.14	10.72	2.90
2001	8.34	4.06	-	1.14	10.72	2.90
2002	8.34	4.06	-	1.14	10.72	2.90
2003	8.34	4.06	-	1.14	10.72	2.90

TAX LEVIES

1994	\$ 7,346,852	\$ 7,335,927	\$ 4,773,377	\$ 2,060,089	\$ 13,951,659	\$ 5,242,340
1995	7,630,188	7,614,145	4,954,410	2,138,219	14,480,783	5,441,159
1996	7,923,458	7,830,026	2,274,436	2,199,865	20,693,641	5,592,876
1997	8,253,582	8,336,650	1,250,498	2,342,202	22,032,576	5,954,750
1998	8,662,650	8,864,201	-	2,490,418	23,426,816	6,331,572
1999	8,924,989	9,223,827	-	2,591,456	24,377,257	6,588,448
2000	9,233,409	9,435,803	-	2,649,462	24,914,237	6,739,859
2001	9,412,866	9,896,080	-	2,778,702	26,129,552	7,068,629
2002	9,622,772	10,286,438	-	2,888,310	27,160,250	7,347,456
2003	10,048,391	10,837,252	-	3,042,972	28,614,617	7,740,895

The tax levies represent the original levy of the Assessor and include the homestead exemption amount.

All taxes are billed when assessment rolls are filed during the month of November of the current tax year. Taxes become delinquent on January 1 of the following year. Penalty for delinquent taxes is 15% per annum. No discounts are allowed for taxes and there is no provision for partial payments.

Taxpayers who have not paid their taxes by January 2 of each year are notified by the Sheriff through registered mail that all taxes must be paid within 20 days from the date of notice. After expiration of the 20th day, the Sheriff shall sell the least quantity of property of any debtor which any bidder will buy for the amount of taxes, interest and cost due.

By agreement, the East Baton Rouge Parish Sheriff is the tax collector for City property taxes and receives a commission of 4.5% of total taxes collected for the City. The Sheriff, as provided by State law, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts.

Parish				
School District	Recreation and Park	Law Enforcement District	Assessor's Salary and Expense Fund	Total
45.34	9.45	14.99	1.60	100.04
45.34	11.45	14.99	1.60	102.04
43.45	10.97	14.99	1.53	100.14
43.45	10.95	14.99	1.53	99.53
43.45	10.95	14.99	1.53	98.90
43.45	10.95	14.99	1.53	98.90
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
43.45	10.95	14.99	1.48	98.03
\$ 75,938,564	\$ 15,827,513	\$ 25,106,287	\$ 2,679,791	\$ 160,262,399
78,818,574	19,904,558	26,058,457	2,781,423	169,821,916
81,003,486	20,451,283	27,945,737	2,852,367	178,767,175
86,244,633	21,734,839	29,753,902	3,036,923	188,940,555
91,702,265	23,110,237	31,636,754	3,229,102	199,454,015
95,422,686	24,047,834	32,920,277	3,360,108	207,456,882
100,981,681	25,448,778	34,838,099	3,439,652	217,680,980
105,907,560	26,690,168	36,537,499	3,607,438	228,028,494
110,085,155	27,742,979	37,978,745	3,749,736	236,861,841
109,279,071	29,228,550	40,012,417	3,950,525	242,754,690

- (1) Not included are the following: Consolidated Road Lighting District No. 1, Consolidated Garbage District No. 1, St. George Fire Protection District, Alsen Fire Protection District, Brownsfield Fire Protection District, Central Fire Protection District, Eastside Fire Protection District, East Baton Rouge Parish Fire Protection District No. 6, Downtown Development District, Pontchartrain Levee District, City of Baker and City of Zachary. These represent isolated areas that affect less than a majority of City-Parish residents.
- (2) Parishwide debt

Source: East Baton Rouge Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of East Baton Rouge.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

COMPUTATION OF LEGAL DEBT MARGIN
FISCAL YEAR ENDED JUNE 30, 2004

Debt Limit of Twenty-Five Percent (25%) of Assessed Value(1)	\$ 667,318,499
Less: Total Bonded Debt	<u>-</u>
Legal Debt Margin	<u>\$ 667,318,499</u>

(1) Legal debt limit of 25% is established by Louisiana Revised Statute Title 39, Section 562.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003

	<u>Gross Debt</u> <u>Outstanding</u>	<u>Amounts in</u> <u>Debt Service</u> <u>Fund</u> <u>for Principal</u>	<u>Net Debt</u> <u>Outstanding</u>
<u>East Baton Rouge Parish School System:</u>			
Qualified Zone Academy Bond Program	\$ 1,881,819	\$ -	\$ 1,881,819
Capital Lease	<u>657,804</u>	<u>-</u>	<u>657,804</u>
	<u>2,539,623</u>	<u>-</u>	<u>2,539,623</u>
<u>Overlapping Debt:</u>			
City of Baker	1,705,000	1,154,390	550,610
City of Zachary	897,712	-	897,712
Hospital Service District No. 1 (Lane Memorial Hospital)	8,507,306	983,647	7,523,659
St. George Fire Protection District	1,632,674	-	1,632,674
Port of Greater Baton Rouge	8,019,954	320,000	7,699,954
Parish of East Baton Rouge			
- LA Community Development Authority	2,134,555	-	2,134,555
City of Baton Rouge			
- 2002A Variable Rate Taxable Refunding	25,035,000	-	25,035,000
- 2002B Variable Rate Taxable Refunding	<u>46,300,000</u>	<u>-</u>	<u>46,300,000</u>
	<u>94,232,201</u>	<u>2,458,037</u>	<u>91,774,164</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u>\$ 96,771,824</u>	 <u>\$ 2,458,037</u>	 <u>\$ 94,313,787</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Per Capita Income(3)</u>	<u>Median Age(1)</u>	<u>Public School Enrollment(4)</u>	<u>Unemployment Rate (5)</u>	<u>Unemployment Labor Market Area (6)</u>
1994	396,364	\$ 18,798	29.9	59,026	6.6%	7.4%
1995	398,661	19,288	29.9	57,430	5.6	6.2
1996	399,992	20,484	29.9	56,576	5.3	5.8
1997	396,331	22,361	29.9	56,135	4.2	4.4
1998	396,556	23,077	29.9	55,507	3.3	3.7
1999	399,105	23,561	29.9	54,518	2.7	3.0
2000	412,852 (2)	25,592	31.5	54,448	4.2	4.8
2001	414,040	26,604	31.5	52,317	4.9	5.5
2002	414,833	25,956	31.5	50,961	5.0	5.6
2003	416,881	27,073	30.4	44,997	5.8 (7)	6.5 (7)

All information is parishwide.

- (1) Estimates – Louisiana Tech University for the U.S. Bureau of the Census
- (2) Official U. S. Census
- (3) Estimates - Bureau of Economic Analysis
- (4) East Baton Rouge Parish School System – October 1, 2003 enrollment includes pre-kindergarten.
- (5) Louisiana Department of Labor - Benchmark rates for East Baton Rouge Parish only - These data are disaggregated using claims for unemployment compensation and population sharing ratios which are applied to present market area estimates and are valid only for the allocation of manpower revenue sharing funds.
- (6) Louisiana Department of Labor - Baton Rouge Labor Market area includes East Baton Rouge, Ascension, Livingston, and West Baton Rouge Parishes. The Labor Market Rate reflects unemployment in Baton Rouge and the surrounding area. Baton Rouge serves as the focus of employment for many of the parishes that border it.
- (7) Preliminary figures.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Calendar Year	Estimated Actual Property Values	Commercial Construction (2)		Residential Construction (2)		Bank Deposits(1) (In Thousands)
		Number of Permits	Value	Number of Permits	Value	
1994	\$ 15,226,082,455	948	\$ 205,269,598	2,529	\$ 123,468,138	\$ 16,502,542 (3)
1995	15,803,539,727	958	210,975,208	2,160	93,878,466	17,685,694 (3)
1996	16,948,108,764	1,037	262,585,974	2,312	109,909,237	19,428,938 (3)
1997	18,044,697,810	1,104	197,840,970	2,081	100,546,972	19,214,205 (3)
1998	19,186,581,225	870	218,408,621	2,182	107,752,471	4,696,591
1999	19,964,993,200	991	279,127,563	2,382	117,686,932	5,263,770
2000	21,128,084,636	907	276,550,291	1,832	97,868,821	5,180,209
2001	22,158,711,091	837	281,290,772	2,343	122,285,336	5,118,304
2002	23,032,776,364	938	307,698,093	2,121	128,520,845	See Below
2003	24,266,127,236	998	310,668,484	2,581	163,072,160	See Below

	Bank Deposits (In Thousands)(1)	
	2003	2002
Hibernia National Bank	\$ 1,764,500	\$ 1,468,889
Bank One, N.A.	2,429,370	2,406,672
Alliance Bank of Baton Rouge	67,639	51,100
American Gateway Bank	55,290	-
Whitney National Bank	277,909	257,006
Regions Bank of Louisiana	239,631	248,882
Bank One Trust Company, National Association	17,182	23,187
Hancock Bank of Louisiana	635,694	613,184
Union Planters Bank	618,810	568,840
Britton & Koontz First National Bank	34,274	29,999
AmSouth Bank	78,873	77,430
Liberty Bank & Trust Company	17,358	17,361
Citizens Bank & Trust Company	33,168	38,754
Bank of West Baton Rouge	-	49,081
Bank of Zachary	95,018	89,968
Business Bank of Baton Rouge	119,411	87,307
First National Banker's Bank	77,746	74,223
First Bank	40,990	33,287
First Bank and Trust	29,592	57
Dillard National Bank	500	500
The Highlands Bank	5,775	1,183
Clinton Bank & Trust Company	10,371	6,286
Fidelity Bank & Trust Company	89,358	71,727
	<u>\$ 6,738,459</u>	<u>\$ 6,214,923</u>

All Information is Parish-wide unless otherwise noted

(1) Source: Louisiana State Office of Financial Institutions.

(2) Source: Department of Public Works - Inspection Division.

(3) Information on bank deposits is statewide prior to 1998.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

PARISH OF EAST BATON ROUGE - PRINCIPAL TAXPAYERS

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Exxon/Mobile Corporation	Petroleum Products	\$ 194,763,840	7.69%
Entergy, Inc.	Electric and Gas Utility	63,553,840	2.51
Bell South Communications	Telephone Utility	50,308,350	1.99
Bank One	Bank	48,848,150	1.93
Georgia-Pacific Corporation	Pulp and Paper Products	41,471,750	1.64
Hibernia National Bank	Bank	28,447,250	1.12
Formosa Plastics	Plastic Manufacturer	18,576,850	0.73
Baton Rouge Water Company	Water Utility	15,074,950	0.59
Wal-Mart	Retail Stores	13,713,250	0.54
Union Planters Bank	Bank	<u>13,235,250</u>	<u>0.52</u>
		<u>\$ 487,993,480</u>	<u>19.26%</u>

(1) Source: East Baton Rouge Parish Assessor's Office.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

BOARD MEMBERS' COMPENSATION
JUNE 30, 2004

<u>Name</u>	<u>Compensation Base(1)</u>	<u>Additional Compensation(3)</u>	<u>Total</u>
Black, William "Bill"	\$ 9,600	\$ 200	\$ 9,800
Devall, Dalton	9,600	-	9,600
Hammatt, Noel	9,600	-	9,600
Hayes-Smith, Patricia	9,600	150	9,750
Pace, Janet	9,600	700	10,300
Kelley, Ingrid	9,600	100	9,700
LaBarbera, Jill	9,600	100	9,700
Mims, Jacqueline (2)	7,200	100	7,300
Moser, Roger (2)	10,000	700	10,700
Williams, Alfred C.	9,600	500	10,100
Pratt, Warren	9,600	150	9,750
Robertson, Darryl L.	9,600	200	9,800
Smith, Tarvald A.	<u>3,200</u>	<u>-</u>	<u>3,200</u>
	<u>\$ 116,400</u>	<u>\$ 2,900</u>	<u>\$ 119,300</u>

Notes:

- (1) Base compensation per member is \$800 per month.
- (2) Presiding President of the Board receives \$900 per month in base compensation.
- (3) Each Board member attends different committee meetings of which additional compensation for these is \$50 per meeting up to a maximum of two per month. A member may attend more than two, but is only compensated for two per month; however, this policy was amended September 2003 and no longer allows for this type of additional compensation. In addition, each board member is reimbursed for mileage @ .28 cents per mile. These meetings are exclusive of normally scheduled Board meetings.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

TEN LARGEST EMPLOYERS BY INDUSTRY

<u>Type of Industry</u>	<u>Company Name</u>
Public Schools	East Baton Rouge Parish School System
University	Louisiana State University - Baton Rouge
Retail	Wal-Mart Stores, Inc.
Government	City of Baton Rouge - Parish of East Baton Rouge
Petroleum Products Chemical Products Plastic Products	Exxon Corporation - Houston, Texas
Hospital	Our Lady of the Lake Regional Medical Center
Construction	Performance Contractors, Inc.
Construction	J E Merit Construction, Inc.
Construction and Industrial Maintenance	Harmony, LLC
Oilfield Services Industry	BHI Administration Management

Source: Louisiana Department of Labor-based on information available as of first quarter of 2002. Includes firms with 1,000 or more employees.

EAST BATON ROUGE PARISH SCHOOL SYSTEM
Baton Rouge, Louisiana

Unaudited

MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2004

Year of Incorporation	1877
Form of Government	President/School System
Area of Parish	472.1 Square Miles
Regular School Days	180
Number of Schools:	
K-5	55
K-6	1
Middle Schools (6-8 only)	15
Jr. High and High Schools (7-12)	1
High Schools (9-12 only)	12
Special Education Schools	4
Middle/High Alternative School	4
SUBTOTAL	<u>92</u>
Charter Schools	<u>3</u>
TOTAL	<u><u>95</u></u>
Enrollment (Public School Only):(1)	
Pre-School	166
Kindergarten	3,590
Grades 1-5	18,108
Grades 6-8	11,365
Grades 9-12	<u>11,398</u>
SUBTOTAL	44,627
Charter Schools	
Kindergarten	37
Grades 1-5	203
Grades 6-8	<u>130</u>
TOTAL	<u><u>44,997</u></u>

(1) Public School Enrollment at 10/01/03.



East Baton Rouge Parish School System
1050 South Foster Drive
Baton Rouge, Louisiana 70806
www.ebrschools.org

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EAST BATON ROUGE PARISH SCHOOL SYSTEM

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

AND PERFORMANCE MEASUREMENT DATA

JUNE 30, 2004



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General Fund Instructional and Support Expenditures For the Year Ended June 30, 2004	Schedule 1
Education Levels of Public School Staff	Schedule 2
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Public School Staff Data	Schedule 5
Class Size Characteristics	Schedule 6
Louisiana Educational Assessment Program (LEAP) for the 21 st Century	Schedule 7
The Graduation Exit Exam for the 21 st Century	Schedule 8
The IOWA Tests	Schedule 9



EXHIBIT A

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

East Baton Rouge Parish School System
Baton Rouge, Louisiana

We have audited the financial statements of the East Baton Rouge Parish School System as of and for the year ended June 30, 2004, and have issued our report thereon dated October 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Baton Rouge Parish School System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the *design or operation* of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the East Baton Rouge Parish School System in a separate letter dated October 22, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish School System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the East Baton Rouge Parish School System in a separate letter dated October 22, 2004.

This report is intended for the information of the East Baton Rouge Parish School System, management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baton Rouge, Louisiana
October 22, 2004



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EXHIBIT B
Page 1 of 2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

East Baton Rouge Parish School System
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the East Baton Rouge Parish School System with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The East Baton Rouge Parish School System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the East Baton Rouge Parish School System's management. Our responsibility is to express an opinion on the East Baton Rouge Parish School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the East Baton Rouge Parish School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the East Baton Rouge Parish School System's compliance with those requirements.

In our opinion, the East Baton Rouge Parish School System complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the East Baton Rouge Parish School System is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the East Baton Rouge Parish School System's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the East Baton Rouge Parish School System as of and for the year ended June 30, 2004, and have issued our report thereon dated October 22, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the East Baton Rouge Parish School System, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwait & Matthews

Baton Rouge, Louisiana
October 22, 2004



**EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2004**

EXHIBIT C

U.S. DEPT. OF EDUCATION

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Vocational Ed Carl Perkins Basic Grant '04	84.048	280402-17	\$ 763,617
Vocational Ed Carl Perkins Basic Grant FY03 C/O '04	84.048	280302-17-C	19,184
Adult Ed Y02 C/O '03	84.002A	0244-17-C	13,071
Adult Ed. Federal Funds FY2003 C/O '04	84.002A	280344-17-C	38,957
Adult Ed- Federal Funds '04	84.002A	0444-17	531,102
Adult Ed Federal English Language/Civics '04	84.002A	0407-17	23,030
Adult Ed One Stop Centers '04	84.002A	0413-17	4,021
Adult Ed Federal Funds '03	84.002A	0344-17	7,220
Adult Ed One Stop Centers '03	84.002A	0313-17	3,088
Adult Ed Federal English Language/Civics '03	84.002A	0343-17	13,754
TITLE I Accountability (Prescott Middle) '04	84.010A	03-TA-17	229,426
Title I Part A - Basic '04	84.010A	04-T1-17	10,543,619
Title I Part A Basic FY003 C/O '04	84.010A	03-T1-17C	1,632,916
Title I Part A Basic '03	84.010A	03-T1-17	1,930,003
Special Ed. IDEA Part B FY03 C/O '04	84.027A	03-B1-17C	442,323
Special Ed. IDEA Part B '04	84.027A	28-04-B1-17	4,310,435
Special Ed. IDEA Part B '03	84.027A	03-B1-17	1,794,381
Special Ed LA Assistive Technology Initiative '04	84.027A	28-03-B6-17	89,296
Special Ed Children Assistive Technology Needs '04	84.027A	28-03-B7-17	46,704
Special Ed IDEA Supplemental '04	84.027A	28-03-B8-17	40,912
Special Ed Preschool Set Aside FY02 '03	84.173A	02-P2-17	17,548
Special Ed. Preschool Set Aside '04	84.173A	03-P2-17	27,407
Special Ed Preschool Flow-Through '04	84.173A	28-04-P1-17	141,233
Title IV - Safe & Drug-Free Schools & Communities '04	84.186A	04-70-17	415,209
Title IV Drug Free '03	84.186A	03-70-17	39,182
Title I - Education for Homeless Children & Youth '04	84.196A	04-H1-17	85,000
Special Ed Jaboc Javits Gifted/Talented '04	84.206A	598573	8,600
Teaching American History '03*	84.215X*	S215X010294*	158,618
Vocational Ed Metro Tech Prep Consortium '04*	84.243A*	SB17/03-04TP*	147,168
Education Station 21st Century '03*	84.287A*	S287A000926*	63,168
Project EXCEL '03*	84.288S*	T288S000038-02*	10,856
Project MOSAIC Bilingual Education*	84.290U*	T290U00100-02*	258,020
Title V - Innovative Education Program Strategies '04	84.298A	04-80-17	240,067
Title V-Innovative Education Program Strategies FY03 C/O '04	84.298A	03-80-17C	67,050
Title V - Innovative Education Program Strategies '03	84.298A	03-80-17	53,222
TANF - Hippy '03	84.310A	CFMS 590437	9,674
Title II - FIRST Tech '04	84.318X	0403-17	74,134
Title II - SCHOOL Tech '04	84.318X	0446-17	116,073
Title II - Enhancing Education Though Technology '03	84.318X	0349-17	112,588
Title II LINCSTECH '03	84.318X	0346-17	52,389
Title II - FIRST Tech '03	84.318X	0303-17	31,227
Title II - Enhancing Education Though Technology '04	84.318X	280449-17	320,687
Title II - FIRST Tech '03 C/O '04	84.318X	0303-17C	37,787
Title I - Comprehensive School Reform (CSR) '04	84.332A	03-T6-17C	129,815
Title I - CSR - Fund for Improvement In Education '04	84.332A	03-T7-17-C	33,462
Title I Comprehensive School Reform '03	84.332A	02-T6-17-C	40,985
Title I Comprehensive School Reform FIE '03	84.332A	02-T7-17-C	24,473
LSU - GEAR-UP '02	84.334A	P334A000052	212,238
TITLE I Accountability C/O '02 (Prescott Middle) '03	84.348A	02-TA-17 C/O	30,106
Special Ed School Renovation-IDEA & Tech Progs. '03	84.352A	03-SG-17	32,628

**EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2004**

EXHIBIT C

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Literacy & School Libraries '03*	84.364A*	S364A020023*	79,225
Title III - Student Influx FY2003 C/O '04	84.365A	03-S3-17C	301
Title III English Language Acquisition FY03 C/O '04	84.365A	03-60-17C	64,565
Title III - Student Influx '03	84.365A	03-S3-17	23,255
Title III English Language Acquisition '04	84.365A	28-04-60-17	165,579
Title III - English Language Proficient '03	84.365A	03-60-17	9,461
Title II Part B - Mathematics and Science Partnerships '04	84.366B	2804MP-17	24,544
Title II, Part A Teacher/Principal Training & Recruiting Fund '04	84.367A	04-50-17	2,584,491
Title II, Part A Teacher/Principal Training FY03 C/O '04	84.367A	03-50-17C	1,315,445
Title II, Part A Teacher/Principal Training & Recruiting Fund '03	84.367A	03-50-17	270,605
TOTAL DEPT. OF EDUCATION			\$ 30,005,144

U.S. DEPT OF HEALTH AND HUMAN SERVICES

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Adult Ed FIND WORK '04	93.558	4304	\$ 11,898
TANF Starting Points Preschool '04	93.558	N/A	248,406
TANF Capitol Middle School '03	93.558	CFMS#590499	15,851
TANF LEA/LCTCS Adult Literacy '03	93.558	03MS-17	8,206
TANF Capitol Middle School '04	93.558	CFMS#603878	65,536
TANF Pre GED/Skills Options Program '04	93.558	280436-17	68,218
TANF - Strategies to Empower People-STEP '04	93.558	2804EP-17	18,904
TANF Pre GED/Skills Options Program '03	93.558	0336-17	83,591
TANF Early Childhood Development Program '04	93.558	N/A	3,499,170
Refugee Children School Impact Grant '04	93.576	28-04-X3-17	61,863
Title V Refugee Children School Impact '03	93.576	03-X3-17	32,364
HIPPY - YWCA '04	93.600	N/A	31,999
YWCA Early Head Start '03	93.600	06YC0528/05	162,706
Hippy - YWCA '03	93.600	N/A	5,090
TOTAL DEPT. OF HEALTH AND HUMAN RESOURCES			\$ 4,313,802

CORPORATION FOR NATIONAL SERVICES

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
SERVE! BR Competitive '03	94.006	00ASCLA0190101	\$ 23,979
SERVE! BR Formula '03	94.006	00ASFLA0192201	9,451
SERVE! Baton Rouge '04	94.006	N/A	88,115
TOTAL CORPORATION FOR NATIONAL SERVICES			\$ 121,545

U.S. DEPT OF LABOR

PROGRAM NAME	FEDERAL CFDA NUMBER	GRANTOR PROJECT NUMBER	EXPENDITURES
Workforce Investment Act Project W.O.R.K. '03	17.259	50-02/03	\$ 144,331
TOTAL DEPT. OF LABOR			\$ 144,331

**EAST BATON ROUGE PARISH SCHOOL SYSTEM
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR FISCAL YEAR ENDED JUNE 30, 2004**

EXHIBIT C

U.S. DEPT. OF AGRICULTURE

<u>PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>PROJECT NUMBER</u>	<u>EXPENDITURES</u>
National School Breakfast Program	10.553	N/A	\$ 4,531,891
National School Lunch Program	10.555	N/A	11,512,437
Commodities Program	10.569	N/A	<u>1,051,236</u>
TOTAL DEPT. OF AGRICULTURE			\$ <u>17,095,564</u>

U.S. DEPT OF DEFENSE

<u>PROGRAM NAME</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR PROJECT NUMBER</u>	<u>EXPENDITURES</u>
ARMY ROTC *	N/A	N/A	\$ 496,949
TOTAL DEPT. OF DEFENSE			\$ <u>496,949</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>52,177,335</u>

* - Received directly from the federal agency

See the accompanying notes to the schedule of expenditures of federal awards.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Baton Rouge Parish School System and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2004, the School System received commodities valued at \$1,051,236. At June 30, 2004, the organization had food commodities totaling \$298,471 in inventory.

NOTE C – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	\$ 52,177,335
Excess Revenue over Expenditures – TANF	
Special Revenue Fund	<u>417,976</u>
Total federal revenue (all funds)	
the Statement of Revenues, Expenditures and	
Changes in Fund Balance for the year ended	
June 30, 2004	<u>\$ 52,595,311</u>

EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are
not considered to be material weaknesses? yes none reported

Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are
not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? yes no

EAST BATON ROUGE PARISH SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553 – 10.555, 10.559	Child Nutrition Cluster
93.558	Temporary Assistance for Needy Families – Early Childhood Development Program

The threshold for distinguishing types A & B programs was program expenditures exceeding \$1,565,320.

- The East Baton Rouge Parish School System was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit

- None

C. Findings and Questioned Costs – Major Federal Award Programs

- None

EAST BATON ROUGE PARISH SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

84.010 Title I

- 1) Criteria: According to OMB Circular A-87, where employees are expected to work on multiple federal programs, after-the-fact time distribution records must be kept that reflect the time spent on each program.
- Condition: Compensation costs of an individual were charged to both the Title I Program (84.010) and the HIPPY Program (State Funds). Since the costs were charged to separate programs rather than to one program, after-the fact time distribution records should have been kept to support the amount compensation to be charged to each program. Those records were not kept. While the school system staff does maintain an agenda of tasks to be performed for this individual and the estimated time to be spent on those tasks, that agenda does not meet the standard for after-the-fact time distribution records.
- Effect: The School System is in technical violation of the allowability provisions of OMB Cost Circular A-87. The total cost itself is not in question, rather the distribution to the individual programs. **Total cost of compensation: \$40,000, of which \$20,000 charged to Title 1.**
- Recommendation: Absent explicit approval from the oversight/cognizant agency, after-the fact time records should be kept on multiple program employees as required by OMB Circular A-87.
- Corrective action:* Grant Program Managers were again notified of OMB Circular A-87 Section (11)(h)(4) which requires personnel activity reports (time sheets) to support the wage distribution for employees that work on multiple activities or cost objectives (i.e., funded by more than one federal award or a federal award and a non-federal award). Grant Program Managers will maintain and comply with the required documentation.



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EXHIBIT F

Page 1 of 5

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Members of the
East Baton Rouge Parish School Board

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of East Baton Rouge Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of East Baton Rouge Parish School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

Procedure #1:

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Results of Procedure # 1:

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule.

Results of Procedure # 2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Results of Procedure # 3:

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2.

Procedure # 4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Results of Procedure # 4:

We noted that 1 of the 25 teachers selected for testing, was classified incorrectly on the schedule as having a bachelor's degree. This person is a Trade & Industrial (T&I) teacher. Trade & Industrial teachers become certified to teach through the state, upon completing training classes and work experience requirements. For salary purposes, T&I workers are classified as having a bachelor's degree, but they should not be classified on Schedule 2 as having a bachelor's degree.

Number and Type of Public Schools (Schedule 3)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the National School Lunch Program (CFDA 10.555) application.



Results of Procedure # 5:

We noted one Pre K center that was not included in the total number of elementary schools reported on Schedule 3.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file to determine if the individual's experience was properly classified on the schedule.

Results of Procedure # 6:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule. No discrepancies between experience levels per the listing and the individual personnel files were noted.

Public Staff Data (Schedule 5)

Procedure # 7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalency as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file to determine if the individual's salary, extra compensation, and full-time equivalency were properly included on the schedule.

Results of Procedure # 7:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Procedure # 8

We recalculated the average salaries and full-time equivalents reported in the schedule.

Results of Procedure # 8:

We noted no differences between the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure # 9

We requested a list of classes by class size in order to reconcile that list to the total classes for each category as reported on the schedule. However, such a comprehensive list of each class conducted throughout the school system is not maintained by the school system and as a result, proved impractical to obtain. In lieu of a comprehensive list of classes, we obtained the "Class Size Data Reports", which are



reports obtained from and produced by the State Dept of Education, and which serve as the source of information for completing schedule 6. We tied the "Class Size Data Reports" into schedule 6. We then selected 10 individual schools' "Class Size Data Reports" at random. For those schools, we selected one grade for testing. For that individual grade, we obtained the "teacher reports" for all teachers of that grade. From the teacher reports for that grade, one class was selected. Our sample ultimately consisted of 10 classes.

Results of Procedure # 9

In 4 out of the 10 schools, the class sizes per the "teacher reports" did not reconcile to the "Class Size Data Reports".

Of the 10 classes tested, there were discrepancies in 8 classes:

	Class size per <u>Teacher Report</u>	Class size per <u>roll books</u>
Class discrepancy 1	22	25
Class discrepancy 2	30	25
Class discrepancy 3	23	24
Class discrepancy 4	31	33
Class discrepancy 5	5	6
Class discrepancy 6	5	32
Class discrepancy 7	23	30
Class discrepancy 8	25	no roll book exists

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure # 10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the East Baton Rouge Parish School Board.

Results of Procedure # 10:

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

Procedure # 11

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the East Baton Rouge Parish School Board.



Results of Procedure #11

No differences were noted.

The Iowa Tests (Schedule 9)

Procedure # 12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the East Baton Rouge Parish School Board.

Results of Procedure # 12

No differences were noted.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of East Baton Rouge Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pro Atherton & Nettleton

October 22, 2004



EAST BATON ROUGE PARISH SCHOOL BOARD

BATON ROUGE, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data)

As of and for the Year Ended June 30, 2003

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

Schedule 4 - Experience of Public Teachers and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data

This schedule includes average classroom teacher's salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 - The IOWA Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

EAST BATON ROUGE PARISH SCHOOL SYSTEM

PERFORMANCE MEASUREMENT DATA

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2004**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 98,390,014	
Other Instructional Staff Activities	14,710,821	
Employee Benefits	49,626,530	
Purchased Professional and Technical Services	843,678	
Instructional Materials and Supplies	5,392,819	
Instructional Equipment	836,737	
Total Teacher and Student Interaction Activities		\$ 169,800,599

Other Instructional Activities 505,962

Pupil Support Activities 13,826,918
Less: Equipment for Pupil Support (3,156)
Net Pupil Support Activities 13,823,762

Instructional Staff Services 7,975,584
Less: Equipment for Instructional Staff Services -
Net Instructional Staff Services 7,975,584

Total General Fund Instructional Expenditures \$ 192,105,907

Total General Fund Equipment Expenditures \$ 839,893

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	10,437,123
Renewable Ad Valorem Tax	74,588,458
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	2,134,654
Sales and Use Taxes	65,714,166
Total Local Taxation Revenue	\$ 152,874,401

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	50,332
Earnings from Other Real Property	1,425
Total Local Earnings on Investment in Real Property	\$ 51,757

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	808,303
Revenue Sharing - Other Taxes	2,951,246
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ 3,759,549

Nonpublic Textbook Revenue \$ 555,110

Nonpublic Transportation Revenue \$ 1,571,336

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Education Levels of Public School Staff
As of October 1, 2003**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0.03%	15	12.00%	0	0.00%	0	0.00%
Bachelor's Degree	1,814	59.51%	97	77.60%	0	0.00%	0	0.00%
Master's Degree	775	25.43%	11	8.80%	51	33.33%	0	0.00%
Master's Degree + 30	375	12.30%	1	0.80%	84	54.90%	0	0.00%
Specialist in Education	60	1.97%	0	0.00%	14	9.15%	0	0.00%
Ph. D. or Ed. D.	23	0.75%	1	0.80%	4	2.61%	0	0.00%
Total	3,048	100.00%	125	100.00%	153	100.00%	0	0.00%

Schedule 3

EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA

Number and Type of Public Schools
For the Year Ended June 30, 2004

Type	Number
Elementary	58
Middle/Jr. High	16
Secondary	15
Combination (special ed. & alternative)	6
Total	95

Note: Schools opened or closed during the fiscal year are included in this schedule.

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA****Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2003**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	7	4	5	7	32	55
Principals	1	0	2	4	5	13	73	98
Classroom Teachers	402	323	731	286	288	350	793	3,173
Total	403	323	740	294	298	370	898	3,326

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Public School Staff Data
For the Year Ended June 30, 2004**

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	41,095.39	40,679.57
Average Classroom Teachers' Salary Excluding Extra Compensation	40,066.87	39,631.83
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	3,343.31	3,239.43

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Class Size Characteristics
As of October 1, 2003**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	39.02%	675	50.35%	871	10.29%	178	0.35%	6
Elementary Activity Classes	20.68%	85	58.88%	242	17.52%	72	2.92%	12
Middle/Jr. High	39.81%	1,096	35.13%	967	25.06%	690	0.00%	0
Middle/Jr. High Activity Classes	23.25%	103	17.16%	76	28.67%	127	30.93%	137
High	34.20%	1,014	25.77%	764	40.03%	1,187	0.00%	0
High Activity Classes	37.18%	116	16.99%	53	23.08%	72	22.76%	71
Combination	100.00%	114	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	100.00%	12	0.00%	0	0.00%	0	0.00%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

Schedule 7

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2004**

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	23	0.71%	34	0.91%	86	2.32%	72	1.90%	106	2.45%	50	1.17%
Mastery	229	7.06%	418	11.22%	521	14.07%	111	2.92%	152	3.51%	108	2.53%
Basic	1,069	32.95%	1,174	31.52%	1,030	27.82%	1,293	34.04%	1,206	27.85%	1,181	27.72%
Approaching Basic	1,271	39.18%	1,525	40.94%	1,603	43.30%	1,059	27.88%	1,083	25.01%	1,312	30.79%
Unsatisfactory	652	20.10%	574	15.41%	462	12.48%	1,263	33.25%	1,784	41.19%	1,610	37.78%
Total	3,244	100.00%	3,725	100.00%	3,702	100.00%	3,798	100.00%	4,331	100.00%	4,261	100.00%

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	29	0.91%	20	0.54%	42	1.16%	42	1.32%	9	0.25%	39	1.07%
Mastery	314	9.81%	361	9.81%	380	10.46%	219	6.86%	247	6.73%	256	7.03%
Basic	898	28.06%	1,006	27.34%	1,054	29.02%	1,173	36.75%	1,344	36.61%	1,436	39.43%
Approaching Basic	961	30.03%	1,386	37.66%	1,236	34.03%	972	30.45%	1,176	32.03%	983	26.99%
Unsatisfactory	998	31.19%	907	24.65%	920	25.33%	786	24.62%	895	24.38%	928	25.48%
Total	3,200	100.00%	3,680	100.00%	3,632	100.00%	3,192	100.00%	3,671	100.00%	3,642	100.00%

Schedule 7

EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2004

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	74	1.81%	29	0.68%	137	3.17%	53	1.29%	80	1.88%	95	2.20%
Mastery	504	12.31%	465	10.93%	625	14.46%	397	9.70%	448	10.53%	424	9.82%
Basic	1,453	35.49%	1,813	42.60%	1,605	37.14%	1,317	32.17%	1,673	39.32%	1,625	37.63%
Approaching Basic	1,030	25.16%	1,205	28.31%	1,370	31.70%	1,024	25.01%	1,054	24.77%	1,058	24.50%
Unsatisfactory	1,033	25.23%	744	17.48%	585	13.54%	1,303	31.83%	1,000	23.50%	1,116	25.85%
Total	4,094	100.00%	4,256	100.00%	4,322	100.00%	4,094	100.00%	4,255	100.00%	4,318	100.00%

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	28	0.68%	43	1.01%	103	2.38%	45	1.10%	40	0.94%	46	1.07%
Mastery	289	7.06%	360	8.47%	334	7.73%	323	7.90%	405	9.53%	295	6.84%
Basic	1,294	31.62%	1,319	31.04%	1,657	38.37%	1,463	35.77%	1,755	41.31%	1,858	43.07%
Approaching Basic	1,507	36.83%	1,776	41.80%	1,507	34.89%	1,042	25.48%	1,247	29.35%	1,166	27.03%
Unsatisfactory	974	23.80%	751	17.67%	718	16.62%	1,217	29.76%	801	18.86%	949	22.00%
Total	4,092	100.00%	4,249	100.00%	4,319	100.00%	4,090	100.00%	4,248	100.00%	4,314	100.00%

Schedule 8

EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2004

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	66	2.28%	14	0.41%	79	2.34%	227	7.30%	243	6.40%	263	6.81%
Mastery	438	15.12%	335	9.79%	539	15.94%	361	11.61%	449	11.83%	357	9.25%
Basic	1068	36.88%	1,294	37.80%	1,260	37.26%	981	31.55%	1,084	28.56%	1,073	27.79%
Approaching Basic	652	22.51%	884	25.83%	743	21.97%	510	16.40%	719	18.94%	615	15.93%
Unsatisfactory	672	23.20%	896	26.18%	761	22.50%	1030	33.13%	1,301	34.27%	1,553	40.22%
Total	2,896	100.00%	3,423	100.00%	3,382	100.00%	3,109	100.00%	3,796	100.00%	3,861	100.00%

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	83	3.14%	65	2.16%	88	2.77%	22	0.83%	57	1.90%	50	1.57%
Mastery	347	13.14%	397	13.17%	439	13.82%	287	10.86%	356	11.85%	308	9.70%
Basic	942	35.68%	1,142	37.88%	964	30.34%	1312	49.64%	1,341	44.63%	1306	41.12%
Approaching Basic	650	24.62%	685	22.72%	657	20.68%	570	21.57%	651	21.66%	599	18.86%
Unsatisfactory	618	23.41%	726	24.08%	1029	32.39%	452	17.10%	600	19.97%	913	28.75%
Total	2,640	100.00%	3,015	100.00%	3,177	100.00%	2,643	100.00%	3005	100%	3176	100.00%

**EAST BATON ROUGE PARISH SCHOOL BOARD
BATON ROUGE, LOUISIANA**

The IOWA Tests
For the Year Ended June 30, 2004

	Composite		
	2004	2003	2002
Test of Basic Skills (ITBS)			
Grade 3	46	47	43
Grade 5	50	51	46
Grade 6	37	36	45
Grade 7	41	42	41
Tests of Educational Development (ITED)			
Grade 9	47	45	48

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

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EAST BATON ROUGE PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2004



EAST BATON ROUGE PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2004



Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

Page 1 of 2

October 22, 2004

Members of the Board and Management
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the East Baton Rouge Parish School Board for the year ended June 30, 2004, we considered the School Board's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. We also considered its compliance with certain provisions of laws and regulations in order to properly perform the audit in accordance with governmental standards and not to provide an opinion on compliance with those provisions.

However, during our audit, we became aware of several matters that are opportunities for improving financial reporting and refining policies and procedures. Additionally, we found several matters that are immaterial instances of noncompliance that are required to be communicated under Government Auditing Standards. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 22, 2004, on the financial statements of the School Board.

Information Technology (IT) Environment and Security

The School Board has an extensive IT department that is comprised of approximately 63 employees, and the IT system is large and complex. The current IT environment appears positioned to properly support and maintain this large IT structure. However, there were some matters for further consideration:

- Current password policies should be reviewed to determine if they contain enough complexity. According to the security standards set by ISC2, passwords for networks should be seven characters, alpha numeric, case sensitive and have one special character and be required to change every 90 days. Current policy does not enforce these standards.
- Security for ODBC tables should be changed. Currently, users who do not have access to modules through GEMS have access through the tables. Also, there is one user ID and password for each table (i.e. accounts payable, payroll). This means that anyone could access critical information.
- A more in-depth Disaster Recovery Plan should be established. This plan should be reviewed and updated annually. This is critical for an IT system that is this size. The plan should address both hardware and software concerns and the amount of time it would take to become operational in light of a catastrophe.

Louisiana Budget Law

La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more. The following funds' actual expenditures exceeded its budget by more than 5%.

- Child Nutrition Fund 8.3 %

The following funds' revenues fell short of their budgeted amounts by 5% or more:

- Alcohol and Drug Abuse 17.4%
- Local grants 28.3%
- TANF 12.1%

We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters, or to assist you in implementing the recommendations. We would also like to thank the School Board staff for their patience and cooperation with us during the performance of the audit.

Sincerely,

Pearttharant & Nettunally





1050 SOUTH FOSTER DRIVE, BATON ROUGE, LOUISIANA 70806
P.O. Box 2950, BATON ROUGE, LOUISIANA 70821-2950
PHONE (225) 922-5400, FAX (225) 922-5411
EBRSCHOOLS.ORG

CORRECTIVE ACTION PLAN

November 23, 2004

East Baton Rouge Parish School System respectfully submits the following corrective action plan for the year ended June 30, 2004 and follows-up on year ended June 30, 2003 corrective actions implemented:

Postlewaite & Netterville, APAC
8550 United Plaza Blvd. Suite 1001
Baton Rouge, LA 70809

The audit period is July 1, 2003 through June 30, 2004.

Fiscal Year 2003-2004 Management Letter Concerns:

2004-1 Information Technology (IT) Environment and Security

- **Condition:** The School Board has an extensive IT department that is comprised of approximately 63 employees, and the IT system is large and complex. The current IT environment appears positioned to properly support and maintain this large IT structure. However, there were some matters for further consideration.
- Current password policies should be reviewed to determine if they contain enough complexity. According to the security standards set by ISC2, passwords for networks should be seven characters, alpha numeric, case sensitive and have one special character and be required to change every 90 days. Current policy does enforce these standards.
- Security for ODBC table should be changed. Currently, users who do not have access to modules through GEMS have access through the tables. Also, there is on users ID and password for each table (i.e. account payable, payroll). This means that anyone could critical information.
- A more in-depth Disaster Recovery Plan should be established. This plan should be reviewed and updated annually. This is critical for an IT system that is this size. The plan should address operational in light of a catastrophe.
- **Action Taken:**
- On GEMS, our current financial and payroll package, the passwords are required to be changed every three months or they will expire. If a password expires, it can only be reactivated by the EBR staff in charge of security for GEMS. We have contacted GEMS personnel to determine if their software can be modified so that the passwords will have to comply with the standards of ISC2. We are waiting for a response on this issue from them. The GEMS staff did state that they are in the process of bringing their internal security passwords up to this standard, so they will probably plan to do the same for GEMS in a future release.

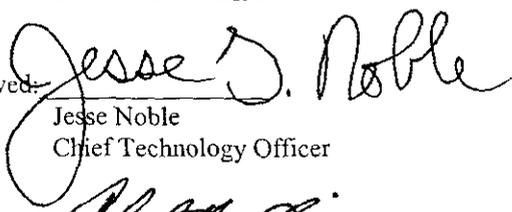
- The user ID and password for the ODBC databases has been changed to conform to the ISC2 standards and to be changed every three months. Currently, access to the ODBC tables for GEMS is granted to only a select group of users. Only users who have the software loaded on their PC's are able to access the tables. The head of each department determines within their department who needs access to the tables. MIS staff members will then load it on their machines. For the payroll system, we have three users in the P/R Dept, one user in the H/R Dept, four users in Operations and Budgets, and eleven users in the Finance Department. Of these users, only eight have the skills to pull in tables and create new reports and these eight are all at management level. The majority of the users only run reports that have been created by the MIS staff specifically for their needs. For the finance system, we have ten users in Finance, four users in Operations and Budget, three in Payroll, three in Purchasing, three in School Food Service Purchasing, and two in Property Control. All of these users run reports that have been designed by the MIS staff specifically for their needs. We are researching the possibility of having security on individual structures, but have not found a solution to date that would not require rewriting all of the reports that have already been written.
- The current Disaster Recovery Plans that we have in place for GEMS and Pentamation needs to be formalized and tested yearly. The GEMS recovery has been tested and we were able to bring up the new server and process normal transactions. As long as we have access to the internet, we can run – even out of their home office in St Louis if necessary. Using Pentamation as an ASP provider has not been tested here but is in place in neighboring parishes. We plan to investigate and seek a more expansive disaster recovery plan for the whole EBRPSS network in the coming year. As funds are available, we will formalize and improve our plan.

2004- 2 Budget Law Violation

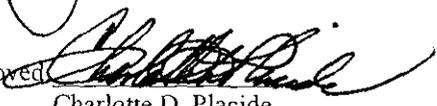
- **Condition:** La Revised Statue 39:1310 requires governments to amend fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or. The Child Nutrition Fund's actual expenditures exceeded its budget by 8.3%. The budget was not amended. We recommend that school food service administration adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, the budget should be brought before the board for amendment.
- **Action Taken:** The Finance Department will review budget to actual information to ensure compliance.

Approved: 

James P. Crochet
Director of Finance

Approved: 

Jesse Noble
Chief Technology Officer

Approved: 

Charlotte D. Placide
Superintendent